

**CAMDEN'S PROMISE  
CHARTER SCHOOL, INC.  
Camden, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2014**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**Camden's Promise Charter School, Inc.  
Board of Trustees**

**Camden, New Jersey**

**For the Fiscal Year Ended June 30, 2014**

**Prepared by**

**Camden's Promise Charter School Board of Trustees**

**Finance Department**

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## **INTRODUCTORY SECTION**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**879 BEIDEMAN AVENUE**  
**CAMDEN, NEW JERSEY 08105**

Dr. Joseph V. Conway  
Chief School Administrator  
856-365-1000

Richelle Baughn  
Business Administrator/  
Board Secretary  
856-365-1000 x 103

November 13, 2014

Honorable President and  
Members of the Board of Trustees  
Camden's Promise Charter School  
County of Camden  
Camden, New Jersey

Dear Board Members,

The comprehensive annual financial report of the Camden's Promise Charter School for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds under the auspices of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The Introductory Section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials.
- The Financial Section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The Statistical Section includes four unaudited fiscal years of data.
- The Single Audit Section-The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management Budget Circular A-133, "Audits of States, Local Governments and Non-profit Organizations", and the New Jersey OMB circular letter 04-04 OMB, "Single Audit Policy for recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## **1. REPORTING ENTITY AND ITS SERVICES:**

The Camden's Promise Charter School, Inc. is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No.14. All funds and account groups of the Charter School are included in this report. The Camden's Promise Charter School, Inc. Board of Trustees and its school constitute the Charter School's reporting entity.

### 1. REPORTING ENTITY AND ITS SERVICES: (continued)

The Charter School is responsible for providing a thorough and efficient educational system for students in grades taught at the one school maintained. The Charter School completed the 2013-2014 fiscal year with an enrollment of 444 fifth, sixth, seventh and eighth grade students. The school has completed its fourteenth year of operations during the 2013-14 school year.

#### Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2013-14	445.1	2.49%
2012-13	434.3	.30%
2011-12	433.0	8.60%
2010-11	398.7	.68%
2009-10	396.0	(.01%)
2008-09	396.4	(1.15%)
2007-08	401.0	3.29%
2006-07	388.2	8.38%
2005-06	358.2	10.59%
2004-05	323.9	11.77%
2003-04	289.8	(2.42) %

### 2. ECONOMIC CONDITION AND OUTLOOK:

While the City of Camden area is a large urban community in Camden County and presently considered to possess a stagnant economy, a significant development of the riverfront area is currently in the planning and approval stage. The city is experiencing unemployment and underemployment which appears to be common in other urban areas around the state.

#### Initiatives

The Charter School has developed a comprehensive strategic plan to support its mission and vision and serve as a blueprint for the achievement of its goals. The plan includes objectives such as pupil achievement, staff development and technology in the classroom. These initiatives will be strengthened with the transfer of buildings, along with the related lease commitments, to the Camden Charter School Network, Inc., planned for December of 2014.

### 3. INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **3. INTERNAL ACCOUNTING CONTROLS: (continued)**

As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

### **4. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2014.

### **5. ACCOUNTING SYSTEM AND REPORTS:**

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

### **6. INVESTMENT POLICY:**

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The Charter School has adopted a cash management plan, which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from loss of funds from deposit with a failed banking institution in New Jersey. The law required governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the act.

### **7. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

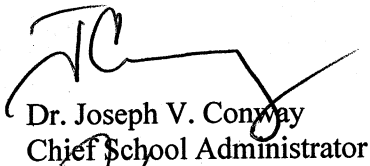
## 8. OTHER INFORMATION:

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of the accounting firm of Nightlinger, Colavita and Volpa, P. A., was selected by the Board's Audit Committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act amendment of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

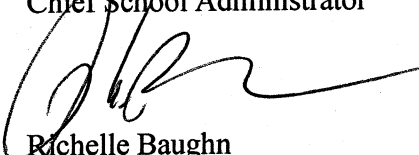
## 9. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Camden's Promise Charter School, Inc. Board of Trustees for their concern in providing fiscal accountability to the community and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Dr. Joseph V. Conway  
Chief School Administrator



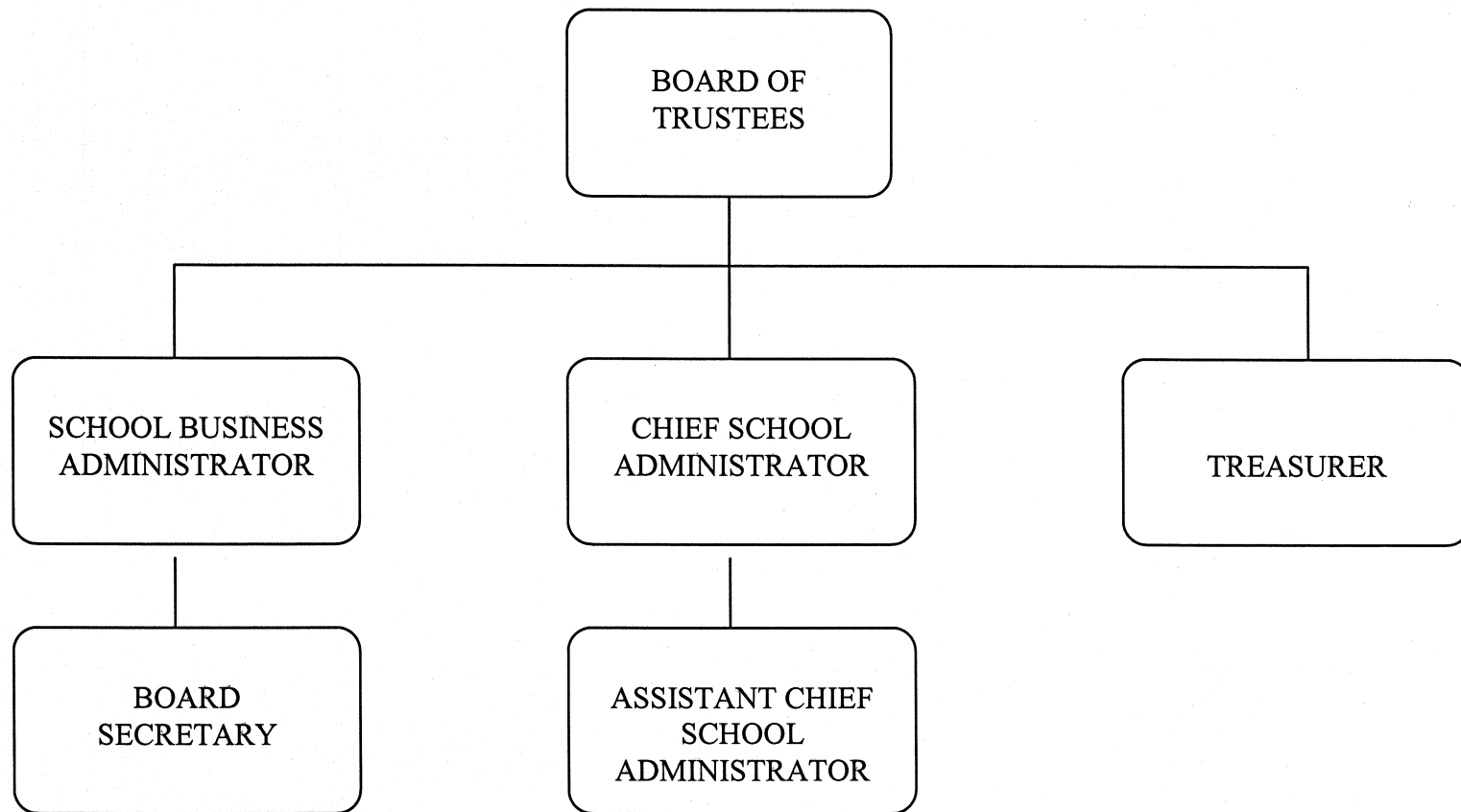
Richelle Baughn  
School Business Administrator/  
Board Secretary

**CAMDEN'S PROMISE CHARTER SCHOOL, INC**

**Camden, New Jersey**

**Camden County**

**(UNIT CONTROL)**



**CAMDEN'S PROMISE CHARTER SCHOOL, INC**  
**CAMDEN, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2014**

<b><u>MEMBERS OF THE BOARD OF TRUSTEES</u></b>	<b><u>TERM EXPIRES</u></b>
Reverend Calvin Woods, President	2017
Marta Cruz	2016
Jaymarie Torres	2017
Anthony Mumms	2017
Vivian Nieves	2017

<b><u>OTHER OFFICIALS</u></b>	<b><u>AMOUNT OF BOND</u></b>
Dr. Joseph V. Conway, Chief School Administrator	
Bill Helmbrecht, Charter School Coordinator	
Richelle Baughn, Business Administrator/Board Secretary	\$ 50,000
Jeannie Scott, Treasurer of School Monies	475,000
Jane B. Capasso, Solicitor	



**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

**Raymond Colavita, C.P.A., R.M.A.**  
**Nightlinger, Colavita and Volpa, P.A.**  
Certified Public Accountants  
991 S. Black Horse Pike  
Post Office Box 799  
Williamstown, NJ 08094

**ATTORNEY**

**Jane B. Capasso, Esquire**  
Attorney-at-Law  
Lipman, Antonelli, Batt, Gibson, Malestein, Rothman & Capasso  
110 North Sixth Street/ P.O. Box 729  
Vineland, New Jersey 08362-0729

**OFFICIAL DEPOSITORY**

TD Bank  
151 Mickle Blvd.  
Camden, New Jersey 08103

**INSURANCE AGENT**

Conner Strong & Buckelew Companies, Inc.  
123 Rosenhayn Avenue  
P.O. Box 358  
Bridgeton, NJ 08302

## **FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*  
*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
Fax (856) 728-2245

November 13, 2014

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
the Board of Trustees  
Camden's Promise Charter School, Inc.  
County Of Camden  
Camden, New Jersey 08105

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the Camden's Promise Charter School in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2014, which collectively comprise the Camden's Promise Charter School's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Camden's Promise Charter School, Inc., in the County of Camden, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 and 18 and 52 through 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Camden's Promise Charter School, Inc., Board of Trustees financial statements as a whole. The accompanying introductory section, other supplementary information including combining and individual fund financial schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014 on our consideration of Camden's Promise Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA

A handwritten signature in dark ink, appearing to read "Raymond Colavita", written in a cursive style.

Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

CAMDEN'S PROMISE CHARTER SCHOOL, INC.  
CITY OF CAMDEN

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

UNAUDITED

The discussion and analysis of Camden's Promise Charter School, Inc.'s financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- ❖ General revenues accounted for \$7,761,281 in revenue or 80.1% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,919,721 or 19.9% percent to total revenues of \$9,681,002.
- ❖ Total net position of governmental activities increased by \$619,758.
- ❖ The School had total expenses of \$9,002,659, of which only \$1,919,721 was offset by program specific charges for services, grants or contributions. General revenues of \$7,761,281 consisted of Federal and State Aid of \$6,034,502, property taxes of \$367,951 and other revenue of \$1,358,828, which were adequate to provide for these programs.
- ❖ The General Fund had \$8,299,100 in revenues, \$7,707,358 in expenditures. The General Fund's balance increased by \$592,233 over 2013, which included interest transferred from the capital projects fund of \$491. This increase was anticipated by the Board of Trustees.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Camden's Promise Charter School, Inc. as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School, presenting both an aggregate view of the School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For Governmental Funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Camden's Promise Charter School, Inc., the General Fund is by far the most significant fund.

## **Reporting the School as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School as a whole, the financial positions of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include property tax base of the School's resident districts, current laws in New Jersey concerning revenue allocations, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity and includes the meal service of Camden's Pride Charter School, Camden's Promise Charter School and Camden Academy Charter High School, Inc.

## **Reporting the School's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School's major (all) funds begins on page 21. Fund financial reports provide detailed information about the School's major funds. The School uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School's most significant funds. The School's major governmental funds are the General Fund and Special Revenue Fund.

### **Governmental Funds**

The School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.



## Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

## The Charter School as a Whole

Recall that the Statement of Net Position provides the perspective of the School as a whole.

Table 1 provides a summary of the School's net position for the years ended in 2014 and 2013, which are the first two years that a comparative presentation are available under the GASB reporting format.

Table 1  
Net Position

	2014	2013
<b>Assets</b>		
Current and Other Assets	\$ 2,519,227	\$ 2,794,633
Capital Assets, Net	6,830,909	6,809,945
Total Assets	9,350,136	9,604,578
<b>Liabilities</b>		
Other Liabilities	265,128	1,197,913
Total Liabilities	265,128	1,197,913
<b>Net Position</b>		
Investment in Capital Assets, Net of Debt	6,830,909	6,809,945
Restricted	1,208,685	271,875
Unrestricted	1,045,414	1,324,845
Total Net Position	\$ 9,085,008	\$ 8,406,665

Table 2 shows the changes in net position from fiscal year's 2014 and 2013.

Table 2  
Changes in Net Position

	2014	2013
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 559,841	\$ 443,804
Operating Grants and Contributions	1,359,880	1,350,962
General Revenues		
Property Taxes	367,951	321,033
Grants and Entitlements	6,034,502	6,029,099
Other	1,358,828	1,130,931
Total Revenues	9,681,002	9,275,829
<b>Program Expenses</b>		
Instruction	3,035,578	3,462,635
Support Services		
General Administration, School		
Administration, Business	1,816,954	1,632,507
Operations and Maintenance of		
Facilities	1,460,823	1,115,027
Pupil Transportation	10,915	48,735
Employee Benefits	1,490,256	1,391,249
Food Service	781,701	717,466
Other	406,432	371,323
Total Expenses	9,002,659	8,738,942
Increase in Net Position	\$ 678,343	\$ 536,887

### Governmental Activities

The School's total governmental revenues were \$7,761,052 for the fiscal year ended June 30, 2014. As a charter school, voter approval for the School operations is not required in New Jersey. Property taxes of \$367,951 made up 4.7 % percent of revenues for governmental activities for the Camden's Promise Charter School, Inc. for fiscal year 2012. Federal, state and local grants of \$6,034,502 accounted for 77.8 % and miscellaneous revenue of \$1,358,599 made up the remaining 17.5%. The total cost of all governmental programs and services was \$7,141,294. Instruction comprises 38.5% of governmental activity expenses.

### Business-Type Activities

Revenues for the School's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service revenues exceeded expenses by \$58,356. Expenses were \$781,701.
- ❖ Charges for services represent \$559,841 of revenue. This represents amount paid by patrons for daily food services.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$280,216.

### Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the School's resident district taxpayers by each of these functions.

Table 3

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Instruction	\$ 3,035,578	\$ 2,748,874	\$ 3,462,635	\$ 3,204,629
Support Services				
General Administration, School				
Administration, Business	1,816,954	1,615,316	1,632,507	1,426,462
Operation and Maintenance of Facilities	1,460,823	1,460,823	1,115,027	1,115,027
Pupil Transportation	10,915	10,915	48,735	48,735
Employee Benefits	1,490,256	898,934	1,391,249	782,291
Other	406,432	406,432	371,323	371,323
Total Expenses	\$ 8,220,958	\$ 7,141,294	\$ 8,021,476	\$ 6,948,467

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the School.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to liabilities of the School.

Other includes unallocated depreciation and amortization.

### **The School's Funds**

Information about the School's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general funds, special revenue funds and capital projects fund presented in the fund-based statements) had total revenues of \$8,840,716 and expenditures of \$8,248,483. The net positive/negative change in fund balance for the year resulted in an increase of \$592,233. This shows that the School did not meet current operating costs for the current year.

As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds, including capital projects, for the fiscal year ended June 30, 2014 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2013</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,726,550	\$ 19.5%	\$ 274,687	\$ 18.9%
State Sources	6,573,041	74.3%	(19,786)	-0.3%
Federal Sources	541,125	6.2%	31,844	6.3%
Total	<u>\$ 8,840,716</u>	<u>\$ 100%</u>	<u>\$ 286,745</u>	<u>\$ 3.4%</u>

The increase in Local Sources is attributed to an increase in local tax levy of \$46,918 and increases in various miscellaneous revenues of \$227,769.

The decrease in State Sources is attributed to reduced general fund state aid and on-behalf social security reimbursements and pension contributions of \$19,786.

The increase in Federal Sources is attributed to various grant award funding.

The following schedule presents a summary of general fund, special revenue fund and capital projects fund expenditures for the fiscal year ended June 30, 2014.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2013</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 3,035,578	37%	\$ (427,057)	-12.3%
Undistributed expenditures	4,778,948	58%	591,430	14.1%
Capital Outlay	433,957	5%	(680,490)	-61.1%
Total	<u>\$ 8,248,483</u>	<u>100%</u>	<u>\$ (516,117)</u>	<u>-5.9%</u>

The decrease in Current – Instruction is attributed to decreases in teacher salaries costs of \$249,391 and other instructional costs of \$206,364, offset by an increase in Special Revenue Fund expenditures of \$28,698.

The increase in Current – Undistributed Expenditures is attributed to increases in general and school administrative services of \$184,447, plant operations and maintenance of \$345,796 and employee benefit costs of \$99,007, offset by a decrease in pupil transportation of \$37,820.

The decrease in capital outlay is attributed to decreased capital spending this year related to the transfer of capital assets to the Charter School Network, Inc.

### **General Fund Budgeting Highlights**

The School's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2014, the School amended its General Fund budget as needed. The School uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Staffing changes based on student needs.
- ❖ Costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the School's final budget for the general fund anticipated that revenues and expenditures would roughly equal, with surplus use of \$558,932, the actual results for the year shows an excess of revenue over expenses of \$592,233.

- ❖ Actual revenues were \$31,535 more than anticipated, due to rental and miscellaneous revenue. This excludes on-behalf social security state aid and TPAF pension payments of \$538,539.
- ❖ The actual expenditures were \$1,175,299 lower than expected, primarily due to favorable balance in various accounts, including on-behalf social security state aid and TPAF pension payments of \$538,539.

## Capital Assets

At the end of the fiscal year 2014, the School had \$6,830,909 invested in leasehold improvements, machinery and equipment, and Vehicle. Table 4 shows fiscal 2014 balances compared to 2013.

Table 4  
Capital Assets (Net of Depreciation) at June 30

	<u>2014</u>	<u>2013</u>
Construction in Progress - Leasehold Imp. \$	\$	131,605
Leasehold Improvement	2,212,272	2,142,909
Building	4,491,744	4,365,719
Machinery and Equipment	112,756	146,150
Vehicle	14,137	23,562
Totals	<u>\$ 6,830,909</u>	<u>\$ 6,809,945</u>

Overall capital assets increased \$20,964 from fiscal year 2013 to fiscal year 2014. The increase was attributed to expenditures of \$433,957, offset by depreciation of \$412,993.

## Operating Leases

The School currently leases space for classrooms, administration and the food service operations.

In addition, a long term lease has been executed, whereby the school will pay periodic rent payments to the Camden County Improvement Authority in amounts equal to the debt service payments of the CCIA for the construction of the new facilities to be used by the charter school. The Camden Academy Charter High School will occupy part of the new school building and pay rent to Camden's Promise Charter School is an amount equal to half of the lease payments to the CCIA.

## For the Future

The Camden's Promise Charter School, Inc. is presently in good financial condition. Continued optimum enrollment in the School will provide financial stability into the future.

As a charter school, it is a concern of the Board of Trustees of the Camden's Promise Charter School, Inc. as to how future budgets will be financed. To address this issue the administrator closely monitors instructional and support expenditures as well as administrative costs of the School.

In addition, the Board of Trustees will continue to maintain suitable facilities for the needs of the students.

In conclusion, the Camden's Promise Charter School, Inc. continues to be committed to sound financial planning, budgeting, and internal financial controls in order to meet the challenges of the future.

### **Contacting the School's Financial Management**

This financial report is designed to provide our citizens, taxpayers and oversight entities with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. Joseph Conway, School Administrator at Camden's Promise Charter School, Inc., Camden, N.J.

## **BASIC FINANCIAL STATEMENTS**



## **CHARTER SCHOOL - WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the School.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,784,152	\$ (77,408)	\$ 1,706,744
Receivables, Net	297,888	232,067	529,955
Due from Other Funds		30,698	30,698
Inventory		14,952	14,952
Restricted Assets:			
Cash and Cash Equivalents	236,878		236,878
Capital Assets, Net (Note 5):	6,809,275	21,634	6,830,909
	<hr/>	<hr/>	<hr/>
Total Assets	9,128,193	221,943	9,350,136
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Accounts Payable	134,288	118,205	252,493
Due to Other Funds		591	591
Intergovernmental Accounts Payable		187	187
Payable to Local Government	705		705
Unearned Revenue	8,075	3,077	11,152
	<hr/>	<hr/>	<hr/>
Total Liabilities	143,068	122,060	265,128
	<hr/>	<hr/>	<hr/>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	6,809,275	21,634	6,830,909
Restricted for:			
Charter School Escrow Fund	75,000		75,000
Capital Projects	196,875		196,875
Other Purposes	936,810		936,810
Unrestricted	967,165	78,249	1,045,414
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 8,985,125	\$ 99,883	\$ 9,085,008
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>		<b><u>Net (Expense) Revenue and Changes in Net Position</u></b>		
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business- type Activities</u></b>	<b><u>Total</u></b>
Governmental Activities:						
Instruction:						
Regular	\$ 3,035,578	\$ -	\$ 286,704	\$ (2,748,874)	\$ -	\$ (2,748,874)
Support Services:						
General and Business Administrative Services	1,025,705			(1,025,705)		(1,025,705)
School Administrative Services	791,249		201,638	(589,611)		(589,611)
Plant Operations and Maintenance	1,460,823			(1,460,823)		(1,460,823)
Pupil Transportation	10,915			(10,915)		(10,915)
Employee Benefits	1,490,256		591,322	(898,934)		(898,934)
Unallocated Depreciation and Amortization	406,432			(406,432)		(406,432)
Total Governmental Activities	8,220,958		1,079,664	(7,141,294)		(7,141,294)
Business-type Activities:						
Food Service	781,701	559,841	280,216		58,356	58,356
Total Business-type Activities	781,701	559,841	280,216		58,356	58,356
Total Primary Government	\$ 9,002,659	\$ 559,841	\$ 1,359,880	(7,141,294)	58,356	(7,082,938)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				367,951		367,951
Federal and State Aid not Restricted				6,034,502		6,034,502
Miscellaneous Income				1,357,414		1,357,414
Investment Earnings				1,185	229	1,414
Total General Revenues, Special Items, Extraordinary Items and Transfers				7,761,052	229	7,761,281
Change in Net Position				619,758	58,585	678,343
Net Position—Beginning (Restated)				8,365,367	41,298	8,406,665
Net Position—Ending				\$ 8,985,125	\$ 99,883	\$ 9,085,008

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

## **GOVERNMENTAL FUNDS**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,445,869	\$ 88,495	\$ 128,702	\$ 1,663,066
Cash Equivalent with Fiscal Agents			236,878	236,878
Due from Other Funds	526,504			526,504
State Aid Receivable	44,483			44,483
Receivables from Other Governments	35,598	208,793		244,391
Accounts Receivable - Other	1,037			1,037
Total Assets	<u>\$ 2,053,491</u>	<u>\$ 297,288</u>	<u>\$ 365,580</u>	<u>\$ 2,716,359</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 73,811	\$ 60,477	\$	\$ 134,288
Due to Other Funds		228,736	168,705	397,441
Unearned Revenue		8,075		8,075
Payable to Local Governments	705			705
Total Liabilities	<u>74,516</u>	<u>297,288</u>	<u>168,705</u>	<u>540,509</u>
Fund Balances:				
Restricted For:				
Escrow Fund	75,000			75,000
Assigned To:				
Committed to Year-end Encumbrances	707,550			707,550
Designated for Subsequent Year's Expenditures	229,260			229,260
Unassigned, Reported In:				
General Fund	967,165		196,875	1,164,040
Total Fund Balances	<u>1,978,975</u>		<u>196,875</u>	<u>2,175,850</u>
Total Liabilities and Fund Balances	<u>\$ 2,053,491</u>	<u>\$ 297,288</u>	<u>\$ 365,580</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6 )

Accrued interest is not payable within the current year and therefore, not reported in the funds.

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,040,096 and the accumulated depreciation is \$2,230,821 (Note 5).

6,809,275

Net position of governmental activities

\$ 8,985,125

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Capital Projects Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b>REVENUES</b>				
Local sources:				
Local Tax Levy	\$ 367,951	\$	\$	\$ 367,951
Miscellaneous	1,358,108		491	1,358,599
Total - Local Sources	1,726,059		491	1,726,550
State Sources	6,573,041			6,573,041
Federal Sources		541,125		541,125
Total Revenues	8,299,100	541,125	491	8,840,716
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	2,748,874	286,704		3,035,578
Support:				
General Administrative Services	1,025,705			1,025,705
School Administrative Services	589,611	201,638		791,249
Plant Operations and Maintenance	1,460,823			1,460,823
Pupil Transportation	10,915			10,915
Employee Benefits	1,437,473	52,783		1,490,256
Capital Outlay	433,957			433,957
Total Expenditures	7,707,358	541,125		8,248,483
Excess (Deficiency) of Revenues over Expenditures	591,742			592,233
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest Transferred from Capital Projects Fund	491		(491)	
Total Other Financing Sources and (Uses)	491		(491)	
Net Change in Fund Balances	592,233			592,233
Fund Balance—July 1	1,386,742		196,875	1,583,617
Fund Balance—June 30	\$ 1,978,975	\$	\$ 196,875	\$ 2,175,850

The accompanying Notes to Financial Statements are an integral part of this statement.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Total net change in fund balances - governmental funds (from B-2) \$ 592,233

Amounts reported for governmental activities in the statement  
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of  
activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$	(406,432)	
Capital outlays		433,957	
			27,525

Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces  
long-term liabilities in the statement of net position and is not reported in the statement of activities.

Change in net position of governmental activities (A-2)	\$	619,758	

**The accompanying Notes to Financial Statements are an integral part of this statement.**



## **PROPRIETARY FUNDS**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2014**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Totals</b>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 43,678	\$ 43,678
Accounts Receivable	232,067	232,067
Interfund Receivable - Agency	30,698	30,698
Inventories	14,952	14,952
Total Current Assets	321,395	321,395
Fixed Assets:		
Equipment	78,736	78,736
Accumulated Depreciation	(57,102)	(57,102)
Total Fixed Assets	21,634	21,634
Total Assets	343,029	343,029
<b>LIABILITIES AND NET POSITION:</b>		
Current Liabilities:		
Accounts Payable	118,205	118,205
Interfund Payable	121,677	121,677
Intergovernmental Accounts Payable	187	187
Unearned Revenue	3,077	3,077
Total Current Liabilities	243,146	243,146
Net Position		
Unrestricted	99,883	99,883
Total Net Position	99,883	99,883
Total Net Position	\$ 99,883	\$ 99,883

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
Operating revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs:	\$ 30,710	\$ 30,710
Satellite Operation Revenue	529,131	529,131
	<hr/>	<hr/>
Total Operating Revenue:	559,841	559,841
	<hr/>	<hr/>
Operating expenses:		
Cost of Sales	384,109	384,109
Salaries	176,144	176,144
Employee Benefits	30,268	30,268
Management Fee	94,592	94,592
Supplies & Materials	44,902	44,902
Other Costs	45,125	45,125
Depreciation	6,561	6,561
	<hr/>	<hr/>
Total Operating Expenses	781,701	781,701
	<hr/>	<hr/>
Operating Income (loss)	(221,860)	(221,860)
	<hr/>	<hr/>
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	3,542	3,542
Federal Sources:		
National School Breakfast Program	39,532	39,532
National School Lunch Program	183,375	183,375
National School Lunch Program - Snacks	12,691	12,691
Food Distribution Program	41,076	41,076
Interest	229	229
	<hr/>	<hr/>
Total Non-operating Revenues (Expenses)	280,445	280,445
	<hr/>	<hr/>
Change in Net Position	58,585	58,585
Total Net Position—Beginning	41,298	41,298
	<hr/>	<hr/>
Total Net Position—Ending	\$ 99,883	\$ 99,883
	<hr/>	<hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 396,636	\$ 396,636
Payments to employees	(176,144)	(176,144)
Payments for employee benefits	(30,268)	(30,268)
Payments to suppliers	(601,133)	(601,133)
Net cash provided by (used for) operating activities	(410,909)	(410,909)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	3,542	3,542
Federal Sources	276,674	276,674
Net cash provided by (used for) non-capital financing activities	280,216	280,216
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets		
Net cash provided by (used for) capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	229	229
Net cash provided by (used for) investing activities	229	229
Net increase (decrease) in cash and cash equivalents	(130,464)	(130,464)
Balances—beginning of year	174,142	174,142
Balances—end of year	\$ 43,678	\$ 43,678
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (221,860)	\$ (221,860)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	6,561	6,561
(Increase) decrease in accounts receivable	(28,935)	(28,935)
(Increase) decrease in other interfund receivable	(30,698)	(30,698)
(Increase) decrease in intergovernmental accounts receivable	(104,281)	(104,281)
(Increase) decrease in inventories	(4,679)	(4,679)
Increase (decrease) in accounts payable	83,746	83,746
Increase (decrease) in interfund payable	(111,659)	(111,659)
Increase (decrease) in intergovernmental accounts receivable	187	187
Increase (decrease) in unearned revenue	709	709
Total adjustments	(189,049)	(189,049)
Net cash provided by (used for) operating activities	\$ (410,909)	\$ (410,909)
Noncash Noncapital Financing Activities:		
During the year, \$32,880 of food commodities was received from the U. S. Department of Agriculture		

**The accompanying Notes to Financial Statements are an integral part of this statement.**

## **FIDUCIARY FUNDS**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2014**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 25,813	\$ 37,767
Interfund Receivable		591
	<u>25,813</u>	<u>38,358</u>
Total Assets	<u>25,813</u>	<u>38,358</u>
<b>LIABILITIES</b>		
Accounts Payable	7,632	
Interfund Payable - General Fund	7,977	
Interfund Payable - Food Service		30,698
Due to Student Groups		6,674
Payroll Deductions and Withholding		986
	<u>15,609</u>	<u>\$ 38,358</u>
<b>NET POSITION</b>	<u>\$ 10,204</u>	

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Private Unemployment Compensation Trust</b>
<b>ADDITIONS</b>	
Contributions:	
Payroll Deductions	\$ 4,571
Total Contributions	4,571
Investment Earnings:	
Interest	22
Total Investment Earnings	22
<b>DEDUCTIONS</b>	
Unemployment Claims	7,632
Total Deductions	7,632
Change in Net Position	(3,039)
Net Position—Beginning of the Year	13,243
Net Position—End of the Year	\$ 10,204

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY**

The Camden's Promise Charter School, Inc is located in the County of Camden, State of New Jersey and was incorporated on February 5, 1998. It was created on through the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a Charter School, the Camden's Promise Charter School, Inc. functions independently as an educational institution through a Board of Trustees (the "Board"). In accordance with the by laws of the Charter School the Board is to consist of not less than 3 and not more than 14 individuals. At all times, constituency of the voting members of the Board of Trustees shall consist of 2 members nominated and elected by the Board selected from the Parent Council and two members nominated and elected by the Board of Trustees representing community leaders at large (which may include representatives from the Neighborhood Center, Inc.) The school administrator and a teacher elected by the teachers from the school are ex-officio members of the Board of Trustees without vote, and limited to the number of terms they may serve consecutively.

**A. Reporting Entity:**

The purpose of the Charter School during the 1998-99 school year was to educate 6<sup>th</sup> grade students. In the 1999-2000 school-year, 100 7<sup>th</sup> grade students were added. In the 2000-2001 school-year, 96 8<sup>th</sup> grade students were added. A 5<sup>th</sup> grade was added in the 2004-2005 school year. The one school was operated with an enrollment at June 30, 2014 of 444. A school business administrator and a board secretary were appointed by the Board and are responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Charter School holds the corporate powers of the organization
- the Charter School appoints a voting majority of the organization's board
- the Charter School is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Charter School
- there is a fiscal dependency by the organization on the Charter School

There were no additional entities required to be included in the reporting entity, under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Camden's Promise Charter School, Inc. have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Charter School's accounting policies are described below.



**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

**New Accounting Standards:**

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
- GASB 66, *Technical Corrections-2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**A. Basis of Presentation:**

The School's basic financial statements consist of School-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Charter School-wide Statements: The statement of net position and the statements of activities display information about the financial activities of the overall School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the School at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the School and for each function of the School's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the School related to the administration and support of the School's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the School's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among School financial reporting.

**B. Fund Accounting:**

The accounts of the Charter School are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity,

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

revenues and expenditures or expenses, as appropriate. The various funds and accounts are grouped, in the financial statements in this report:

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**GOVERNMENTAL FUND TYPE**

**General Fund** - The general fund is the general operating fund of the School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for instructional and non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the Camden's Promise Charter School, Inc. includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmentalities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from the "local levy" local share - charter school aid, "local levy" state share - charter school aid, categorical aid, revenues from other sources and appropriated fund balance. Expenditures are those, which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

**Special Revenue Fund** - The Charter School accounts for the proceeds of specific revenue sources from the state and federal government (other than expendable trusts, major capital projects or enterprise funds) and local appropriations that is legally restricted to expenditures for specified purposes in the special revenue fund.

**Capital Projects Fund** - The Charter School does not currently have any open capital projects, and, therefore, the accounting system of the Charter School does not include any capital projects other than to account for the escrow account of \$196,875, regarding the PAC building lease.

**Debt Service Fund** - The accounting system of the Charter School does not include a Debt Service fund in accordance with state statute.

**PROPRIETARY FUND TYPE**

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector. The following is a description of the Proprietary Funds of the Charter School:

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**PROPRIETARY FUND TYPE (CONT'D)**

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The School's Enterprise Fund is comprised of a Food Service Fund managed by an outside food service management company. In addition, the state and federal reimbursement activities as well as the operating costs of the Camden's Academy Charter High School, Inc. were maintained within Food Service Fund of the Camden's Promise Charter School, Inc.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is separated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**Internal Service Fund** - The Camden's Promise Charter School does not maintain an Internal Service whereby services would be provided on a cost-reimbursement basis.

**FIDUCIARY FUND TYPE**

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the Charter School:

**Trust and Agency Funds** - The trust and agency funds are used to account for assets held by the Charter School in a Trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

**Nonexpendable Trust Fund** - A nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligation to maintain the trust principal. The accounting system of the Charter School does not include a nonexpendable trust fund.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**FIDUCIARY FUND TYPE (CONT'D)**

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Funds consists of an Unemployment Compensation Insurance Fund

**Agency Funds (Payroll and Student Activities Fund)** - Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. The accounting system of the Charter School includes a payroll fund and a student activities fund.

**C. Basis of Accounting and Measurement Focus:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*Charter School-wide, Proprietary and Fiduciary Fund Financial Statements:* The School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its Charter School the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Basis of Accounting and Measurement Focus (Cont'd):**

In its accounting and financial reporting, the School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The Charter school is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable". The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**D. Budgets/Budgetary Control:**

Charter School budgets are prepared annually and are submitted to the Department of Education for review. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are mandated by the Department of Education and are detailed in the Charter School Budget Summary form that is part of the New Jersey Charter School Application and are defined as the lowest (most specific) level of detail referenced in NJAC 6:20-2A (m) 1. Transfers of appropriations may be made by Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are to be maintained to allow for the presentation of GAAP basis financial reports.

There is a reconciliation of the special revenue funds from the budgetary basis of accounting, as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds, to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. (See Exhibit C-3).

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**E. Encumbrance Accounting:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. The budget, as detailed on Exhibit B-2, includes all amendments to the adopted budget, if any.

Open encumbrances in the special revenue fund for which the Charter School has received advances (if any) are reflected in the balance sheet as unearned revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

The Charter School had \$707,550 of fund balance reserved for encumbrances at June 30, 2014.

**F. Tuition:**

The Charter School Program Act of 1995 specifically prohibits a charter school from charging tuition to students who reside in the district of the charter school or are non-resident students.

**G. Short-term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School, and that are due within one year.

**H. Inventories and Prepaid Expenses:**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

**I. Assets, Liabilities and Equity:**

**Transactions**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School and that are due within one year.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Inventories**

On School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014. The value of federal commodities included in food, noted on the next page, is \$3,077.

Inventory in the Food Service Fund at June 30, 2014 consisted of the following:

Food	\$	12,936
Supplies		2,016
		<hr/>
Total	\$	14,952
		<hr/>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**Capital Assets**

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2014 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the Statement of Net Position. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Capital assets are depreciated in the School-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	30-50
Building Improvements	20
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15



**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**J. Compensated Absences:**

Compensated absences are those for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School and its employees, is accrued as the employees earn the rights to the benefits. In accordance with Statement No. 16 of the (GASB) entitled "Accounting for Compensated Absences", Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School and its employees, are accounted for in the period in which such services are rendered or in which such events take place and will be calculated in accordance with formulas outlined in the Charter School agreements with any collective bargaining units and included in the budget of the current year of payment.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. There currently is no formal policy concerning payment of accumulated absences and no liability to be reported in the Statement of Net Position.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them. As of June 30, 2014, no liability existed for compensated absences in the Food Service Fund because there are no employees paid out of this fund. The Food Service employees are provided and paid by an outside management company, Nutri-Serve Food Management, Inc.

**K. Unearned Revenue:**

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned (see Note 2(B) regarding the special revenue fund).

**L. Fund Equity:**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**M. Management Estimates:**

In order for the preparation of basic financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**N. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the School-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**O. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**P. Charter School Funding:**

The Charter School is largely funded on its enrollment through the local levy and categorical aid, which follows a particular student. Funding flows from the State to the district Board of Education and then to the Charter School. In accordance with N.J.S.A. 18A:36A-12 "the school district of residence shall pay directly to the Charter School for each student enrolled in the charter school who resides in the district a presumptive amount equal to 90% of the local tax levy budget per pupil for the specific grade level in the district. At the discretion of the commissioner and at the time the charter is granted, the commissioner may require the school district of residence to pay directly to the charter school for each student enrolled in the charter school an amount equal to less than 90%, or an amount, which shall not exceed 100% of the local levy budget per pupil for the specific grade in the district of residence. The per pupil amount paid to the charter school shall not exceed the local levy budget per pupil for the specific grade level in the district in which the charter school is located. The district of residence shall also pay directly to the charter school any categorical aid attributable to the student, provided the student is receiving appropriate categorical services, and any federal funds attributable to the student".

During the school year, a charter school shall conduct an enrollment count on October 15, and the last day of the school year. A charter school shall submit each count through a summary school register for the purposes of determining average daily enrollment. Based on these counts, a charter school's revenue is adjusted accordingly.

**Q. Net Position:**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**R. Fund Balance Reserves:**

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**S. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**T. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**U. Comparative Data/Reclassifications:**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Charter School's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**V. Allocation of Indirect Expenses:**

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**W. Inventories and Prepaid Expenses:**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On Charter School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

**X. Lease Acquisition Costs:**

As part of the long-term lease agreement, providing for the use of the new school building constructed and owned by the Camden County Improvement Authority, payments constituting professional lease acquisition and other related professional fees were previously amortized over the life of the lease. In accordance with GASB Statement No. 65, the June 30, 2013 Financial Statements were restated, to write off the previous balance in Unamortized Lease Issue Costs. All lease acquisition costs will be expensed in the future.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with a maturity of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey Schools are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey Schools.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

**Deposits:**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments:**

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

As of June 30, 2014, cash and cash equivalents in the fund financial statements of the Charter School consisted of the following:

	<b><u>Cash and Cash Equivalents</u></b>
Checking Accounts	\$ 1,770,324
Certificate of Deposit	236,878
	<hr/>
Total	\$ 2,007,202
	<hr/>

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

**Custodial Credit Risk** - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2014, the School Districts bank balance of \$2,175,969 was insured or collateralized as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		1,925,969
	\$	<u>2,175,969</u>

**New Jersey Cash Management Fund** – During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2014, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

**NOTE 4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Camden's Promise Board of Trustees. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

During the fiscal year ended June 30, 2014, the School appropriated all of the funds for non-instructional services. There is no balance in Capital Reserve as of June 30, 2014.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 5. CAPITAL ASSETS**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land				
Construction in Progress - Leasehold Imp	\$ 131,605		\$ (131,605)	\$ -
Total Capital Assets not being Depreciated	<u>131,605</u>		<u>(131,605)</u>	
Leasehold Improvements	2,898,838	199,406	131,605	3,229,849
Building	5,041,547	234,551		5,276,098
Machinery and Equipment	441,789			441,789
Vehicle	92,360			92,360
Totals at Historical Cost	<u>8,474,534</u>	<u>433,957</u>	<u>131,605</u>	<u>9,040,096</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	(755,929)	(261,648)		(1,017,577)
Building	(675,828)	(108,526)		(784,354)
Equipment	(323,834)	(26,833)		(350,667)
Vehicle	(68,798)	(9,425)		(78,223)
Total Accumulated Depreciation	<u>(1,824,389)</u>	<u>(406,432)</u>		<u>(2,230,821)</u>
Total Capital Assets being Depreciated, net of Accumulated Depreciation	6,781,750	27,525		6,809,275
<b>Government Activities Capital Assets, Net</b>	<u>6,781,750</u>	<u>27,525</u>		<u>6,809,275</u>
	To A-1			To A-1
Business-type Activities - Equipment	78,736			78,736
Less Accumulated Depreciation	(50,541)	(6,561)		(57,102)
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 28,195</u>	<u>\$ (6,561)</u>		<u>\$ 21,634</u>

Depreciation expense was charged to governmental functions  
as follows:

Unallocated	<u>\$ 406,432</u>
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**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 6. LONG-TERM DEBT**

There are no Long-term liabilities for the year ended June 30, 2014.

**Capital Leases** – There are no capital leases as of June 30, 2014.

**NOTE 7. PENSION PLANS**

**Description of Plans** - All required employees of the Charter School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate.

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System** - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.



**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 7. PENSION PLANS (CONT'D)**

The School District's contribution, equal to the required contribution for each fiscal year, was as follows:

<u>Year</u>	<u>Contribution</u>	<u>Liability</u>	<u>Liability</u>	<u>State</u>	<u>District</u>
2014	\$ 7,308	\$ 20,210	\$ 27,518	\$ 2,806	24,712
2013	7,329	12,166	19,495	1,480	18,015
2012	6,033	12,066	18,099	1,153	16,946

**Vesting and Benefit Provisions** - the vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation** - P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 7. PENSION PLANS (CONT'D)**

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the States Defined Contribution Retirement Program.

**Contribution Requirements** - the contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter School is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<b><u>Year</u></b> <b><u>Funding</u></b>	<b><u>Annual</u></b> <b><u>Pension</u></b> <b><u>Cost (APC)</u></b>	<b><u>Percentage</u></b> <b><u>of APC</u></b> <b><u>Contributed</u></b>	<b><u>Net</u></b> <b><u>Pension</u></b> <b><u>Obligation</u></b>
6/30/14	\$ 27,518	100 %	\$ 27,518
6/30/13	19,495	100 %	19,495
6/30/12	19,252	100 %	19,252

**Three Year Trend Information for TPAF (Paid on-behalf of the Charter School)**

<b><u>Year</u></b> <b><u>Funding</u></b>	<b><u>Annual</u></b> <b><u>Pension</u></b> <b><u>Cost (APC)</u></b>	<b><u>Percentage</u></b> <b><u>of APC</u></b> <b><u>Contributed</u></b>	<b><u>Net</u></b> <b><u>Pension</u></b> <b><u>Obligation</u></b>
6/30/14	\$ 305,691	100 %	\$ 0
6/30/13	344,438	100 %	0
6/30/12	232,033	100 %	0

During the fiscal year ended June 30, 2014, the State of New Jersey contributed \$115,801 to the TPAF for pension contributions and \$189,870 for normal and post-retirement benefits on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School \$232,868 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**NOTE 8. POST-RETIREMENT BENEFITS**

The amount, if any, would be included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27. The District does not provide for compensated absences. P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 8. POST-RETIREMENT BENEFITS (CONT'D)**

It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

**NOTE 9. DEFERRED COMPENSATION**

The Board currently offers its employees a choice of Equivest as a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b).

**NOTE 10. FUND BALANCE**

**General Fund** - Of the \$1,978,975 in General Fund balance at June 30, 2014, \$75,000 is restricted in an Escrow Account: \$707,550 is committed to Encumbrances, \$229,260 is assigned and anticipated as revenue on the 2014-15 budget to support the subsequent year's budget and \$967,165 is unassigned.

**NOTE 11. LITIGATION**

In the opinion of the administration and legal counsel, the Charter School is not involved as a defendant in any legal proceedings of which the potential losses, if any, would not be material to the financial statements. There exists, however, one claim, which is being handled by the Charter School's Insurance Company.

**NOTE 12. RISK MANAGEMENT**

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds.

**New Jersey Unemployment Compensation Insurance** - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the Reserve method. Under this plan, the Charter School is required to contribute a percentage of wages to the New Jersey Unemployment Trust Fund on a quarterly basis.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 12. RISK MANAGEMENT (CONT'D)**

**New Jersey Unemployment Compensation Insurance**

The following is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Charter School's expendable trust fund for the current and prior years:

<b><u>Fiscal Year</u></b>	<b><u>Charter School Contributions</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Amount Reimbursed</u></b>	<b><u>Ending Balance June 30</u></b>
2013-2014	\$	\$ 4,593	\$ 7,632	\$ 10,204
2012-2013		6,765	7,977	13,243
2011-2012	14,547	9,993	21,060	14,455
2010-2011	8,521	5,986	16,694	10,975
2009-2010	25	3,264	14,947	13,162
2008-2009		6,341		24,820
2007-2008	8,866	21,752	26,288	18,479

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2014:

<b><u>Fund</u></b>	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
General Fund	\$ 526,504	\$
Special Revenue Fund		228,736
Capital Projects Fund		168,705
Enterprise Fund	30,698	121,677
Student Activity Fund	591	
Trust and Agency Fund		38,675
Total	<u>\$ 557,793</u>	<u>\$ 557,793</u>

**NOTE 14. RECEIVABLES**

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<b><u>Receivables:</u></b>	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Proprietary Funds</u></b>	<b><u>Total</u></b>
Intergovernmental \$	<u>81,118</u>	<u>\$ 208,793</u>	<u>\$ 232,067</u>	<u>521,978</u>
Totals	<u>\$ 81,118</u>	<u>\$ 208,793</u>	<u>\$ 232,067</u>	<u>521,978</u>

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 15. OPERATING LEASES**

The Charter School has commitments to lease seven copy machines and three school buildings.

**Lease of Additional Building Space – 2003-04 - PAC Building**

A formal lease agreement between the school and the Camden County Improvement Authority commenced on December 2003, whereby the construction of a new school is being funded by the Camden County Improvement Authority (CCIA). The primary parties to the lease are the Camden's Promise Charter School (lessor) and the CCIA (lessee), which issued the bonds partially guaranteed by the County of Camden with payments beginning in the 2003-04 school year. The lease payments are to be equal to the amount the debt service payments made by the CCIA to the Bondholders.

The Camden Academy Charter High School, Inc. is subletting space from the Camden's Promise Charter School, Inc. (Middle School) and, therefore, the lease payments are being shared by the each school on a fifty (50) percent basis. Therefore, the schedule below only reflects Camden's Promise Charter School, Inc.'s share of the payments to CCIA. The term of the lease is 20 years. In addition, there are four (4) options of five (5) years each to extend the lease beyond the 20 year period.

The new school building was completed during the 2004-05 school year and placed in service according to the provisions of the lease. This has resulted in an increase in carrying costs, of which the first entire year of expense was in the fiscal year ending June 30, 2006.

The future lease payments were modified in May 2009 to reflect the defeasance of \$575,000 in the underlying lease principal balance. This was the result of applying the available escrow balance to the open balance in lease principal.

**Lease of Additional Building Space – Pride Building Project**

A formal lease agreement, between the school and the Camden County Improvement Authority, commenced in May 2009, whereby the construction of a new school is being funded by the Camden County Improvement Authority (CCIA). The primary parties to the lease are the Camden's Promise Charter School (lessor) and the CCIA (lessee), which will issue the bonds partially guaranteed by the County of Camden with payments beginning in the 2011-12 school year. The lease payments will be equal to the amount the debt service payments made by the CCIA to the Bondholders.

The Camden's Pride Charter School, Inc. (K-4 Elementary) was subletting space from the Camden's Promise Charter School, Inc. (Middle School) through June 30, 2014. As of September, 2012, Camden's Pride Charter School will lease classroom space from Camden's promise at an amount to be determined.

**Lease of Building Space – Rosedale Property**

The Camden's Promise Charter High School is leasing space in the Rosedale Property at an annual cost of \$225,000, through required payments through the 2015-16 Fiscal Year. In addition, Camden's Promise Charter High School sublet space in the Rosedale School to the KATZ Charter School during the 2012-13 School Year. Future subletting arrangements of this property are subject to change.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 15. OPERATING LEASES (CONT'D)**

**Lease of Building Space – Rosedale Property (Cont'd)**

The planned future minimum contracted lease payments, which are subject to change, are as follows:

<u>Fiscal Year</u>	<u>Office Equipment</u>	<u>PAC Building</u>	<u>Pride Addition</u>	<u>Rosedale</u>	<u>Total</u>
2014-15	\$ 21,513	\$ 156,919	\$ 455,673	\$ 225,000	\$ 859,105
2015-16	23,470	156,544	455,673	225,000	860,687
2016-17	23,470	158,361	455,673	225,000	862,504
2017-18	23,470	159,794	455,673		638,937
2018-19	23,470	160,857	455,673		640,000
2019-20	7,823	161,544	455,673		625,040
2020-21		159,419	455,673		615,092
2021-22		161,919	455,673		617,592
2022-23		166,522	455,673		622,195
2023-24			455,673		455,673
2024-25			455,673		455,673
2025-26			455,673		455,673
2026-27			455,673		455,673
2027-28			455,673		455,673
2028-29			455,673		455,673
2029-30			417,702		417,702
Total	\$ 123,216	\$ 1,441,878	\$ 7,252,797	675,000	\$ 9,492,891

**NOTE 16. RENTAL INCOME**

The Camden Promise Charter School receives rental income from The Camden Academy Charter School at a cost-per-pupil basis of \$1,530 for each of the 400 projected slots for the students enrolled. The cost for fiscal year 2013-14 was \$612,000. Future rental income will be determined based on the transfer of buildings and related lease commitments to the Camden Charter Network, Inc.

**NOTE 17. SUBSEQUENT EVENTS**

Subsequent to June 30, 2014, the various buildings utilized by the school are planned to be transferred to the Camden Charter School Network, Inc., who will lease the building space to the other charter network participants. Settlement is tentatively scheduled during December of 2014.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

## **BUDGETARY COMPARISON SCHEDULES**



**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**BUDGETARY COMPARISON SCHEDULE-GENERAL FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Revenue/ Expenditures	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>					
"Local Tax Levy" - Local Share - Charter School Aid:					
City of Camden	\$ 175,857	\$ 2,065	\$ 177,922	\$ 177,922	\$
Cherry Hill	2,850		2,850	2,850	
Haddon Township	1,475		1,475	1,475	
Pennsauken	130,067		130,067	130,067	
Woodlynn	10,483		10,483	10,483	
Gloucester Township	9,879		9,879	9,879	
Winslow Township	8,556		8,556	8,556	
Washington Township	11,145		11,145	11,145	
Lawnside	15,574		15,574	15,574	
Total - Local Share Tax Levy	365,886	2,065	367,951	367,951	
Local Tax Levy- State Share - Charter School Aid:					
Equalization aid	5,628,033	(48,229)	5,579,804	5,579,804	
Total - Local Levy Budget	5,993,919	(46,164)	5,947,755	5,947,755	
Categorical Aids:					
Special Education	184,269	(7,172)	177,097	177,097	
Security Aid	185,613	(2,502)	183,111	183,111	
Non Public Aid	94,490		94,490	94,490	
Total Categorical Aids	464,372	(9,674)	454,698	454,698	
Other State Aid:					
On-Behalf TPAF Pension Contribution				115,801	115,801
On-Behalf TPAF Pension Post Retirement Medical				189,870	189,870
Reimbursed TPAF Social Security Contributions (Non-budgeted)				232,868	232,868
Total Other State Aid				538,539	538,539
Total State Aid	464,372	(9,674)	454,698	993,237	538,539
Revenue from Other Sources					
Interest on Bank Deposits				1,185	1,185
Rental of Facility	1,326,573		1,326,573	1,259,073	(67,500)
Miscellaneous				97,850	97,850
Total Revenue from Other Sources	1,326,573		1,326,573	1,358,108	31,535
<b>TOTAL REVENUES</b>	<b>\$ 7,784,864</b>	<b>\$ (55,838)</b>	<b>\$ 7,729,026</b>	<b>\$ 8,299,100</b>	<b>\$ 570,074</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSES:</b>					
Regular Programs - Instruction:					
Salaries of Teachers - Grades 1-5	\$ 437,700	\$	\$ 437,700	\$ 437,700	\$
Salaries of Teachers - Grades 6-8	2,450,500	(188,637)	2,261,863	1,952,391	309,472
Regular Programs - Undistributed					
Instruction:					
Purchased Professional/ Educational Services	170,000	29,326	199,326	199,326	
General Supplies	250,000		250,000	126,827	123,173
Textbooks	70,000		70,000	26,420	43,580
Other Objects	10,000		10,000	6,210	3,790
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>\$ 3,388,200</b>	<b>\$ (159,311)</b>	<b>\$ 3,228,889</b>	<b>\$ 2,748,874</b>	<b>\$ 480,015</b>

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014**  
**(CONTINUED)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
<b>UNDISTRIBUTED EXPENDITURES:</b>					
Support Services/General Administration:					
Salaries	\$ 531,208	\$ (1,907)	\$ 529,301	\$ 398,156	\$ 131,145
Salaries Secretary and Clerical	262,000		262,000	164,618	97,382
Other Purchased Professional Services		201,907	201,907	196,444	5,463
Total Benefit Costs	843,000	(843,000)			
Communications/Telephone	170,000		170,000	161,526	8,474
Purchased Professional and Technical Services	200,000	(200,000)			
Other Purchased Services	50,000		50,000	31,271	18,729
General Supplies	115,000		115,000	60,065	54,935
Miscellaneous Expenditures	15,000		15,000	13,625	1,375
Total Support Services/General Administration	2,186,208	(843,000)	1,343,208	1,025,705	317,503
Support Services/School Administration:					
Salaries of Secretarial and Clerical Assistants	147,800	40,737	188,537	188,537	
Other Salaries		5,100	5,100	5,100	
Purchased Professional and Technical Services	230,000	(40,100)	189,900	184,595	5,305
Other Purchased Services	150,000		150,000	145,399	4,601
Supplies and Materials	75,000	(5,737)	69,263	58,170	11,093
Transportation Other than to/from School	45,000	(45,000)			
Other Objects	20,000		20,000	7,810	12,190
Total Support Services/School Administration:	667,800	(45,000)	622,800	589,611	33,189
Rental of Land and Buildings					
Rent	1,218,386		1,218,386	1,122,127	96,259
Insurance	73,667		73,667	66,242	7,425
Energy	300,000		300,000	272,454	27,546
Total Operation and Maintenance of Plant Services	1,592,053		1,592,053	1,460,823	131,230
Student Transportation Services:					
Contracted Services (Home/School) Vendors		44,106	44,106	10,915	33,191
Total Student Transportation Services		44,106	44,106	10,915	33,191
<b>UNALLOCATED BENEFITS</b>					
Other Retirement Contributions - PERS		24,712	24,712	24,712	
Health Benefits		883,318	883,318	874,222	9,096
<b>TOTAL UNALLOCATED BENEFITS</b>	\$	\$ 908,030	\$ 908,030	\$ 898,934	\$ 9,096

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**GENERAL FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014**  
**(CONTINUED)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
On-Behalf TPAF Pension Contribution	\$	\$	\$	\$ 115,801	\$ (115,801)
On-Behalf TPAF Pension Post Retirement Medical				189,870	(189,870)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				232,868	(232,868)
Total Undistributed Expenditures	4,446,061	64,136	4,510,197	4,524,527	(14,330)
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<u>7,834,261</u>	<u>(95,175)</u>	<u>7,739,086</u>	<u>7,273,401</u>	<u>465,685</u>
Capital Outlay					
Increase in Capital Reserve					
Undistributed Expenditures:					
Total Equipment					
Facilities Acquisition & Construction Services					
Lease/Purchase - Principal	276,684	632,336	909,020	199,406	709,614
Purchase of Land/Improvements	232,851	1,700	234,551	234,551	
Total Facilities Acquisition & Construction Services	509,535	634,036	1,143,571	433,957	709,614
Total Capital Outlay expenditures	509,535	634,036	1,143,571	433,957	709,614
<b>TOTAL EXPENDITURES</b>	<u>8,343,796</u>	<u>538,861</u>	<u>8,882,657</u>	<u>7,707,358</u>	<u>1,175,299</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(558,932)	(594,699)	(1,153,631)	591,742	1,745,373
Other Financing Sources:					
Operating Transfer (Out) and In:					
Interest Transferred from Capital Projects Fund				491	491
Total other Financing Sources				491	491
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Uses	(558,932)	(594,699)	(1,153,631)	592,233	1,745,864
Fund Balances, July 1	1,386,742		1,386,742	1,386,742	
Fund Balances, June 30	<u>\$ 827,810</u>	<u>\$ (594,699)</u>	<u>\$ 233,111</u>	<u>\$ 1,978,975</u>	<u>\$ 1,745,864</u>
<b>Recapitulation:</b>					
<b>Restricted for Escrow Fund</b>				\$ 75,000	
Assigned to:					
Year-End Encumbrances				707,550	
Designated for Subsequent Year's Expenditures				229,260	
<b>Unassigned Fund Balance:</b>				967,165	
Unassigned Fund Balance				<u>\$ 1,978,975</u>	

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**SPECIAL REVENUE FUND**  
**AS OF JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ 532,597	\$ 38,988	\$ 571,585	\$ 541,125	\$ (30,460)
State Sources					
Other					
<b>Total Revenues</b>	<u>532,597</u>	<u>38,988</u>	<u>571,585</u>	<u>541,125</u>	<u>(30,460)</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	142,300	29,000	171,300	171,300	
Purchased Professional & Technical Services - Other					
Supplies and Materials	117,853		117,853	115,404	2,449
Other Objects	9,484	(9,484)			
<b>Total Instruction</b>	<u>269,637</u>	<u>19,516</u>	<u>289,153</u>	<u>286,704</u>	<u>2,449</u>
<b>Support Services</b>					
Salaries Personal Services	139,333		139,333	131,091	8,242
Personal Services - Employee Benefits	59,973	5,749	65,722	52,783	12,939
Purchased Professional & Technical Services - Other	34,000		34,000	34,000	
Other Purchased Services	13,080	19,511	32,591	26,128	6,463
Supplies and Materials	6,959	3,827	10,786	10,419	367
Other Objects	9,615	(9,615)			
<b>Total Support Services</b>	<u>262,960</u>	<u>19,472</u>	<u>282,432</u>	<u>254,421</u>	<u>28,011</u>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment					
Non-instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<u>532,597</u>	<u>38,988</u>	<u>571,585</u>	<u>541,125</u>	<u>30,460</u>
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<u>532,597</u>	<u>38,988</u>	<u>571,585</u>	<u>541,125</u>	<u>30,460</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET-TO-GAAP RECONCILIATION**  
**NOTE TO RSI**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 8,299,100	[C-2] \$ 541,125
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 8,299,100	[B-2] \$ 541,125
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 7,707,358	[C-2] \$ 541,125
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes. Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to general fund		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 7,707,358	[B-2] \$ 541,125

## **OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.



**EXHIBIT E-1**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**SPECIAL REVENUE FUND - BUDGETARY BASIS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)**

	NCLB							
	Title I Part A		Title II Part A			IDEA	Totals	
	2013-14	2012-13	2013-14	2012-13	Title III	Part B	2014	2013
REVENUES:								
Federal Sources	\$ 355,304	\$ 16,787	\$ 34,864	\$ 23,001	\$ 13,887	\$ 97,282	\$ 541,125	\$ 509,281
State Sources								
Other								
Total Revenues	355,304	16,787	34,864	23,001	13,887	97,282	541,125	509,281
EXPENDITURES:								
Instruction:								
Salaries of Teachers	140,300		29,000		2,000		171,300	129,700
Purchased Prof. & Technical Services								
Supplies and Materials	107,831	5,686			1,887		115,404	128,306
Total Instruction	248,131	5,686	29,000		3,887		286,704	258,006
Support Services:								
Salaries Personal Services	43,294	8,333				79,464	131,091	104,667
Personal Services-Employee Benefits	33,379		5,527			13,877	52,783	45,230
Purchased Prof. & Technical Services	24,000				10,000		34,000	78,118
Other Purchased Services	4,500	1,780	337	19,511			26,128	16,209
Supplies and Materials	2,000	988		3,490		3,941	10,419	7,051
Total Support Services	107,173	11,101	5,864	23,001	10,000	97,282	254,421	251,275
Facilities Acquisitions & Const Serv:								
Non-Instructional Equipment								
Total Facilities Acquisition & Construction Services								
Total Expenditures	\$ 355,304	\$ 16,787	\$ 34,864	\$ 23,001	\$ 13,887	\$ 97,282	\$ 541,125	\$ 509,281

## **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

**EXHIBIT F-1**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b><u>Project Title/Issue</u></b>	<b><u>Original Date</u></b>	<b><u>Appropriations</u></b>	<b><u>Expenditures to Date</u></b>		<b><u>Unexpended Balance June 30, 2014</u></b>
			<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	
Construction of New Elementary/Middle School, necessary onsite and offsite improvements, furniture, and equipment associated with such improvements	4/17/09	\$ 7,090,000	\$ 7,090,000	\$	\$
		<u>\$ 7,090,000</u>	<u>\$ 7,090,000</u>	<u>\$</u>	<u>\$</u>

**EXHIBIT F-2**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Revenues and Other Financing  
Sources**

Interest	\$	491
		<hr/>
Total Revenues		491
		<hr/>

**Expenditures and Other Financing Uses**

Transfer of Interest Earned to General Fund		491
		<hr/>
Total Expenditures		491
		<hr/>

Excess (deficiency) of Revenues over (under) Expenditures

Fund Balance - Beginning		196,875
		<hr/>
Fund Balance - Ending	\$	196,875
		<hr/> <hr/>

## **PROPRIETARY FUND**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** – This fund provides for the operation of food services in all Schools.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.**

**EXHIBIT G-1**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINING STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2014 AND 2013**

	<b>Totals</b>	
	<b>2014</b>	<b>2013</b>
<b>ASSETS:</b>		
Current Assets:		
Cash	\$ 43,678	\$ 174,142
Accounts Receivable:		
State	604	121
Federal	38,760	10,381
Other	6,136	6,063
Interfund Receivable - Agency	30,698	
Intergovernmental Accounts Receivable	186,567	82,286
Inventory	14,952	10,273
	<hr/>	<hr/>
Total Current Assets:	321,395	283,266
	<hr/>	<hr/>
Fixed Assets		
Equipment	78,736	78,736
Accumulated Depreciation	57,102	50,541
	<hr/>	<hr/>
Total Fixed Assets:	21,634	28,195
	<hr/>	<hr/>
Total Assets	\$ 343,029	\$ 311,461
	<hr/>	<hr/>
<b>LIABILITIES AND NET POSITION:</b>		
Accounts Payable	\$ 118,205	\$ 34,459
Interfund Payable - Student Activity	591	591
Interfund Payable - General Fund	121,086	232,745
Intergovernmental Accounts Payable	187	
Unearned Revenue	3,077	2,368
	<hr/>	<hr/>
Total Liabilities	243,146	270,163
	<hr/>	<hr/>
Net Position:		
Investment in Fixed Assets	21,634	28,195
Unreserved Retained Earnings	78,249	13,103
	<hr/>	<hr/>
Total Net Position	99,883	41,298
	<hr/>	<hr/>
Total Liabilities and Net Position	\$ 343,029	\$ 311,461
	<hr/>	<hr/>

**EXHIBIT G-2**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN RETAINED EARNINGS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

	<b>Totals</b>	
	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES:</b>		
Local Sources:		
Daily Sales - Reimbursable Programs:	\$ 30,710	\$ 24,919
Satellite Operation Revenue	529,131	418,885
Total Operating Revenue	559,841	443,804
<b>OPERATING EXPENSES:</b>		
Salaries	176,144	163,790
Employee Benefits	30,268	32,679
Management Fee	94,592	87,910
Supplies and Materials	44,902	46,722
Other Costs	45,125	35,786
Depreciation	6,561	6,561
Cost of Sales	384,109	344,018
Total Operating Expenses	781,701	717,466
Operating Loss	(221,860)	(273,662)
<b>Non-Operating Revenues:</b>		
State Sources:		
State School Lunch Program	3,542	3,416
Federal Sources:		
School Breakfast Program	39,532	43,496
National School Lunch Program	183,375	171,013
National School Lunch Program-Snacks	12,691	27,695
Food Distribution Program	41,076	32,333
Interest Revenue	229	101
Total Non-Operating Revenues	280,445	278,054
Net Income before Operating Transfers	58,585	4,392
Net Position - July 1	41,298	36,906
Net Position - June 30	\$ 99,883	\$ 41,298

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**AS OF JUNE 30, 2014 AND 2013**

	<b>Totals</b>	
	<b>2014</b>	<b>2013</b>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ (221,860)	\$ (273,662)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:		
Depreciation	6,561	6,561
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	(28,862)	5,729
(Increase)/Decrease in Other Accounts Receivable	(73)	(1,857)
(Increase)/Decrease in Interfund Receivable	(30,698)	
(Increase)/Decrease in Intergovernmental Accounts Receivable	(104,281)	(7,236)
(Increase)/Decrease in Inventory	(4,679)	(1,052)
Increase/(Decrease) in Accounts Payable	83,746	2,721
Increase/(Decrease) in Interfund Payable	(111,659)	93,353
Increase/(Decrease) in Intergovernmental Accounts Payable	187	
Increase/(Decrease) in Unearned Revenue	709	547
Net Cash Used by Operating Activities	(410,909)	(174,896)
Cash Flows from Noncapital Financing Activities		
Other Grants		
Food Distribution Program	41,076	32,333
Cash Received from State and Federal Reimbursements	239,140	245,620
Net Cash Provided by Noncapital Financing Activities	280,216	264,145
Net Cash Used by Capital Financing Activities		
Purchase of Fixed Assets		
Net Cash Used by Capital Financing Activities		
Cash Flows from Investing Activities:		
Interest Income	229	101
Net Increase (Decrease) in Cash	(130,464)	103,158
Cash and Cash Equivalents, July 1	174,142	70,984
Cash and Cash Equivalents, June 30	\$ 43,678	\$ 174,142



## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

**Student Activity Fund** – This agency fund is used to account for student funds held at the schools.

**Payroll Fund** – This agency fund is used to account for the payroll transactions of the school.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2014**

	Unemployment Compensation Expendable Trust	Agency Student Activity	Payroll	Total 2014	2013
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 25,813	\$ 6,083	\$ 31,684	\$ 63,580	\$ 32,482
Due from General Fund					1,493
Due from Food Service		591		591	591
Total Assets	<u>\$ 25,813</u>	<u>\$ 6,674</u>	<u>\$ 31,684</u>	<u>\$ 64,171</u>	<u>\$ 34,566</u>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 7,632	\$	\$	\$ 7,632	\$ 7,977
Interfund Payable - General Fund	7,977			7,977	
Interfund Payable - Food Service			30,698	30,698	
Due to Student Groups		6,674		6,674	8,097
Payroll Deductions and Withholding			986	986	5,249
Total Liabilities	<u>15,609</u>	<u>6,674</u>	<u>31,684</u>	<u>53,967</u>	<u>21,323</u>
<b>NET POSITION:</b>					
Unreserved for Unemployment Claims	10,204			10,204	13,243
Total Liabilities and Net Position	<u>\$ 25,813</u>	<u>\$ 6,674</u>	<u>\$ 31,684</u>	<u>\$ 64,171</u>	<u>\$ 34,566</u>

**EXHIBIT H-2**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014**

	<b><u>Expendable Trust Unemployment Funds</u></b>
<b>OPERATING REVENUES:</b>	
Employee Deduction	\$ 4,571
Total Revenues	<u>4,571</u>
<b>OPERATING EXPENSES:</b>	
Unemployment Claims	<u>7,632</u>
Total Expenses	<u>7,632</u>
<b>NONOPERATING REVENUES:</b>	
Interest	<u>22</u>
Total Non-operating Revenues	<u>22</u>
Change in Net Position	(3,039)
Net Position Beginning of Year	<u>13,243</u>
Net Position End of Year	<u><u>\$ 10,204</u></u>

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014**

	<b><u>Balance</u></b> <b><u>July 1,</u></b> <b><u>2013</u></b>	<b><u>Accounts</u></b> <b><u>Receivable</u></b> <b><u>June 30,</u></b> <b><u>2014</u></b>	<b><u>Cash</u></b> <b><u>Receipts</u></b>	<b><u>Cash</u></b> <b><u>Disbursements</u></b>	<b><u>Accounts</u></b> <b><u>Payable</u></b> <b><u>June 30,</u></b> <b><u>2014</u></b>	<b><u>Balance</u></b> <b><u>June 30,</u></b> <b><u>2014</u></b>
Student Activity Fund	\$ 8,097	\$	\$ 40,551	\$ 41,974	\$	\$ 6,674

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014**

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 3,756	\$ 4,151,046	\$ 4,123,118	\$ 31,684
Due from Current Fund	1,493		1,493	
	<u>5,249</u>	<u>4,151,046</u>	<u>4,124,611</u>	<u>31,684</u>
<b>LIABILITIES AND RESERVES:</b>				
Due to Food Service	\$	\$ 30,698	\$	\$ 30,698
Payroll Deductions and Withholdings	5,249	4,120,348	4,124,611	986
Total Liabilities and Reserves	<u>\$ 5,249</u>	<u>\$ 4,151,046</u>	<u>\$ 4,124,611</u>	<u>\$ 31,684</u>

## **STATISTICAL SECTION**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
Invested in Capital Assets, net of related debt	\$ 690,663	\$ 675,584	\$ 1,188,470	\$ 1,127,334	\$ 2,375,476	\$ 3,781,822	\$ 6,201,586	\$ 6,038,626	\$ 6,781,750	\$ 6,809,275
Restricted	726,716	198,931	198,931	198,931	382,573	424,000	196,875	196,875	271,875	1,208,685
Unrestricted	462,971	832,371	353,409	519,413	1,289,782	1,157,804	725,662	1,786,604	1,311,742	967,165
<b>Total Governmental Activities Net Position</b>	<b>\$ 1,880,350</b>	<b>\$ 1,706,886</b>	<b>\$ 1,740,810</b>	<b>\$ 1,845,678</b>	<b>\$ 4,047,831</b>	<b>\$ 5,363,626</b>	<b>\$ 7,124,123</b>	<b>\$ 8,022,105</b>	<b>\$ 8,365,367</b>	<b>\$ 8,985,125</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, net of related debt	\$ 31,238	\$ 27,767	\$ 24,296	\$ 20,825	\$ 17,354	\$ 47,878	\$ 41,317	\$ 34,756	\$ 28,195	\$ 21,634
Unrestricted	(11,775)	19,901	51,467	73,705	69,824	83,795	49,798	2,150	13,103	78,249
<b>Total Business-Type Activities Net Position</b>	<b>\$ 19,463</b>	<b>\$ 47,668</b>	<b>\$ 75,763</b>	<b>\$ 94,530</b>	<b>\$ 87,178</b>	<b>\$ 131,673</b>	<b>\$ 91,115</b>	<b>\$ 36,906</b>	<b>\$ 41,298</b>	<b>\$ 99,883</b>
<b>District-Wide</b>										
Invested in Capital Assets, net of related debt	\$ 721,901	\$ 703,351	\$ 1,212,766	\$ 1,148,159	\$ 2,392,830	\$ 3,829,700	\$ 6,242,903	\$ 6,073,382	\$ 6,809,945	\$ 6,830,909
Restricted	726,716	198,931	198,931	198,931	382,573	424,000	196,875	196,875	271,875	1,208,685
Unrestricted	451,196	852,272	404,876	593,118	1,359,606	1,241,599	775,460	1,788,754	1,324,845	1,045,414
<b>Total District-Wide Net Position</b>	<b>\$ 1,899,813</b>	<b>\$ 1,754,554</b>	<b>\$ 1,816,573</b>	<b>\$ 1,940,208</b>	<b>\$ 4,135,009</b>	<b>\$ 5,495,299</b>	<b>\$ 7,215,238</b>	<b>\$ 8,059,011</b>	<b>\$ 8,406,665</b>	<b>\$ 9,085,008</b>

Source: CAFR Schedule A-1

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 1,772,302	\$ 2,396,331	\$ 2,465,510	\$ 2,488,187	\$ 2,745,568	\$ 2,588,303	\$ 2,640,546	\$ 3,050,692	\$ 3,462,635	\$ 3,035,578
Support Services										
School Administrative Services	761,754	1,047,150	1,169,517	1,032,592	479,726	481,343	833,971	806,819	842,572	1,025,705
General Administrative Services	296,946	345,879	880,806	1,151,038	959,388	745,156	794,366	790,925	789,935	791,249
Plant Operations and Maintenance	621,832	998,252	816,630	834,571	492,124	1,401,233	1,249,944	1,743,482	1,115,027	1,460,823
Pupil Transportation	49,203	63,404	23,204	38,773	9,882	24,080	49,196	21,837	48,735	10,915
Employee Benefits	18,130	613,989	804,556	877,824	1,115,339	1,067,856	1,120,394	1,186,989	1,391,249	1,490,256
Business and Other Support Services	611,400									
Unallocated Depreciation and Amortization	46,134	45,149	56,536	70,764	154,219	159,053	156,000	329,519	371,323	406,432
Total Governmental Activities Expenses	4,177,701	5,510,154	6,216,759	6,493,749	5,956,246	6,467,024	6,844,417	7,930,263	8,021,476	8,220,958
Business-Type Activities										
Food Service	256,373	216,138	292,963	333,870	455,718	448,309	599,403	648,601	717,466	781,701
Total Business-Type Activities Expense	256,373	216,138	292,963	333,870	455,718	448,309	599,403	648,601	717,466	781,701
Total District Expenses	\$ 4,434,074	\$ 5,726,292	\$ 6,509,722	\$ 6,827,619	\$ 6,411,964	\$ 6,915,333	\$ 7,443,820	\$ 8,578,864	\$ 8,738,942	\$ 9,002,659
<b>Program Revenues</b>										
Governmental Activities										
Charges for Services	\$ 685,241	\$ 1,102,431	\$ 1,030,198		\$ 1,435,371	\$ 995,293	\$ 1,146,101	\$ 1,002,258	\$ 1,073,009	\$ 1,079,664
Operating Grants and Contributions										
Total Governmental Activities Program Revenues	685,241	1,102,431	1,030,198		1,435,371	995,293	1,146,101	1,002,258	1,073,009	1,079,664
Business-Type Activities										
Charges for Services										
Food Service	92,294	102,385	134,476	151,127	237,612	268,324	321,649	330,183	443,804	559,841
Operating Grants and Contributions	120,835	138,320	177,540	201,051	210,591	224,404	237,129	264,145	277,953	280,216
Total Business-Type Activities Program Revenues	213,129	240,705	312,016	352,178	448,203	492,728	558,778	594,328	721,757	840,057
Total District Program Revenues	\$ 898,370	\$ 1,343,136	\$ 1,342,214	\$ 352,178	\$ 1,883,574	\$ 1,488,021	\$ 1,704,879	\$ 1,596,586	\$ 1,794,766	\$ 1,919,721
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (3,492,460)	\$ (4,407,723)	\$ (5,186,561)	\$ (6,493,749)	\$ (4,520,875)	\$ (5,471,731)	\$ (5,698,316)	\$ (6,928,005)	\$ (6,948,467)	\$ (7,141,294)
Business-Type Activities	(43,244)	24,567	19,053	18,308	(7,515)	44,419	(40,625)	(54,273)	4,291	58,356
Total District-Wide Net Expense	\$ (3,535,704)	\$ (4,383,156)	\$ (5,167,508)	\$ (6,475,441)	\$ (4,528,390)	\$ (5,427,312)	\$ (5,738,941)	\$ (6,982,278)	\$ (6,944,176)	\$ (7,082,938)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 221,222	\$ 430,876	\$ 574,669	\$ 647,704	\$ 247,260	\$ 300,755	\$ 258,054	\$ 287,957	\$ 321,033	\$ 367,951
Unrestricted Grants and Contributions	3,124,954	3,011,998	3,729,810	3,716,580	5,102,929	5,106,354	5,321,273	6,021,557	6,029,099	6,034,502
Investment Earnings	12,096					1,881	1,201	918	1,047	1,185
Miscellaneous Income	610,211	791,385	865,266	1,023,021	1,044,849	1,378,536	1,703,378	1,515,555	1,129,783	1,357,414
Fixed Asset and Capital Lease Adjustment					327,990		174,907			
Transfers	(30,000)									
Total Governmental Activities	3,938,483	4,234,259	5,169,745	5,387,305	6,723,028	6,787,526	7,458,813	7,825,987	7,480,962	7,761,052
Business-Type Activities										
Investment Earnings	1,022	3,638	2,430	459	163	76	67	64	101	229
Prior Year revenue Adjustments			6,612							
Transfer	30,000									
Total Business-Type Activities	31,022	3,638	9,042	459	163	76	67	64	101	229
Total District-Wide	\$ 3,969,505	\$ 4,237,897	\$ 5,178,787	\$ 5,387,764	\$ 6,723,191	\$ 6,787,602	\$ 7,458,880	\$ 7,826,051	\$ 7,481,063	\$ 7,761,281
<b>Change in Net Position</b>										
Governmental Activities	\$ 446,023	\$ (173,464)	\$ (16,816)	\$ (1,106,444)	\$ 2,202,153	\$ 1,315,795	\$ 1,760,497	\$ 897,982	\$ 532,495	\$ 619,758
Business-Type Activities	(12,222)	28,205	28,095	18,767	(7,352)	44,495	(40,558)	(54,209)	4,392	58,585
Total District-Wide	\$ 433,801	\$ (145,259)	\$ 11,279	\$ (1,087,677)	\$ 2,194,801	\$ 1,360,290	\$ 1,719,939	\$ 843,773	\$ 536,887	\$ 678,343

Source: CAFR Schedule A-2



**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Restricted	\$ 699,695	\$ 552,250	\$ 9,417	\$	\$ 23,758	\$ 68,956	\$	\$	\$ 669,699	\$ 1,011,810
Unrestricted	277,898	301,175	315,913	492,941	1,056,411	889,920	525,512	1,182,377	717,043	967,165
Total General Fund	<u>\$ 977,593</u>	<u>\$ 853,425</u>	<u>\$ 325,330</u>	<u>\$ 492,941</u>	<u>\$ 1,080,169</u>	<u>\$ 958,876</u>	<u>\$ 525,512</u>	<u>\$ 1,182,377</u>	<u>\$ 1,386,742</u>	<u>\$ 1,978,975</u>
All Other Governmental Funds										
Restricted	\$ 196,875	\$ 196,875	\$ 196,875	\$ 196,875	\$ 380,517	\$ 421,944	\$	\$	\$	\$
Unrestricted, Reported in:										
Capital Projects Fund	2,056	2,056	2,056	2,056	2,056	2,056	196,875	196,875	196,875	196,875
Total All Other Governmental Funds	<u>\$ 198,931</u>	<u>\$ 198,931</u>	<u>\$ 198,931</u>	<u>\$ 198,931</u>	<u>\$ 382,573</u>	<u>\$ 424,000</u>	<u>\$ 196,875</u>	<u>\$ 196,875</u>	<u>\$ 196,875</u>	<u>\$ 196,875</u>

Source: CAFR Schedule B-1

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Tax Levy	\$ 221,222	\$ 430,876	\$ 574,669	\$ 647,704	\$ 247,260	\$ 300,755	\$ 258,054	\$ 287,957	\$ 321,033	\$ 367,951
Rental	606,372	749,232	791,732	974,180	908,232	1,204,673	1,670,500	1,479,875	1,035,648	1,259,073
Interest Earnings	12,096	18,721	12,663	6,663	2,551	1,881	1,201	918	1,047	1,185
Miscellaneous	4,761	25,802	60,871	42,178	134,066	173,863	32,878	35,680	94,135	98,341
State Sources	3,131,750	3,150,453	3,729,810	4,025,531	5,411,880	5,458,761	5,608,146	6,475,917	6,592,827	6,573,041
Federal Sources	677,523	961,606	1,030,198	902,361	1,126,420	642,886	859,228	547,898	509,281	541,125
<b>Total Revenues</b>	<b>4,653,724</b>	<b>5,336,690</b>	<b>6,199,943</b>	<b>6,598,617</b>	<b>7,830,409</b>	<b>7,782,819</b>	<b>8,430,007</b>	<b>8,828,245</b>	<b>8,553,971</b>	<b>8,840,716</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	1,772,302	2,396,331	2,465,510	2,488,187	2,745,568	2,588,303	2,640,546	3,050,692	3,462,635	3,035,578
Support Services										
General Administrative Services	296,946	345,879	1,169,517	1,032,592	466,956	481,343	833,971	806,952	842,572	1,025,705
School Administrative Services	761,754	1,047,150	880,806	1,146,243	959,388	745,156	794,366	790,925	789,935	791,249
Plant Operations and Maintenance	621,832	998,252	468,021	410,787	492,124	1,401,598	1,262,216	1,743,482	1,115,027	1,460,823
Pupil Transportation	49,203	63,404	23,204	51,589	22,957	38,524	49,196	21,837	48,735	10,915
Business and Other Support Services	116,667									
Unallocated Employee Benefits	494,733	581,379	804,556	877,824	1,115,339	1,067,856	1,120,394	1,186,989	1,391,249	1,490,256
Capital Outlay	195,733	28,463	916,424	423,784	948,493	1,539,905	2,389,807	155,509	1,114,447	433,957
<b>Total Expenditures</b>	<b>4,309,170</b>	<b>5,460,858</b>	<b>6,728,038</b>	<b>6,431,006</b>	<b>6,750,825</b>	<b>7,862,685</b>	<b>9,090,496</b>	<b>7,756,386</b>	<b>8,764,600</b>	<b>8,248,483</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	344,554	(124,168)	(528,095)	167,611	1,079,584	(79,866)	(660,489)	1,071,859	(210,629)	592,233
<b>Other Financing Sources (Uses)</b>										
Prior Year Revenue Adjustment					(308,714)					
Transfers	(226,875)									
<b>Total Other Financing Sources (Uses)</b>	<b>(226,875)</b>				<b>(308,714)</b>					
<b>Net Change in Fund Balances</b>	<b>\$ 117,679</b>	<b>\$ (124,168)</b>	<b>\$ (528,095)</b>	<b>\$ 167,611</b>	<b>\$ 770,870</b>	<b>\$ (79,866)</b>	<b>\$ (660,489)</b>	<b>\$ 1,071,859</b>	<b>\$ (210,629)</b>	<b>\$ 592,233</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Source: CAFR Schedule B-2

**EXHIBIT J-5**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<b>Fiscal Year Ended June 30,</b>	<b>Interest on Investments</b>	<b>Rentals</b>	<b>Prior Year Tuition</b>	<b>Services to Other LEAs</b>	<b>Refund of Prior Year Expenditure</b>	<b>Prior Year Purchase Order Adj.</b>	<b>Misc.</b>	<b>Total</b>
2014	\$ 1,185	\$ 1,259,073	\$	\$ 44,440	\$ 3,838	\$	\$ 49,572	\$ 1,358,108
2013	1,047	1,035,648		83,583	2,433		5,161	1,127,872
2012	918	1,479,875			14,460		7,477	1,502,730
2011	1,201	1,670,500					23,469	1,695,170
2010	1,881	1,204,673			13,210	113,100	1,126	1,333,990
2009	2,551	908,232				20,815	102,839	1,034,437
2008	6,663	974,180			3,054	3,536	35,588	1,023,021
2007	12,663	791,732			27,863	26,253	6,755	865,266
2006	18,721	749,232			11,230	12,202		791,385
2005	12,096	606,372					3,839	622,307

Source: District Records

**EXHIBIT J-14**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS\*\***  
**LAST TEN FISCAL YEARS**

<b>Year</b>		<b>Population <sup>a</sup></b>		<b>Personal Income (thousands of dollars) <sup>b</sup></b>		<b>Per Capita Personal Income <sup>c</sup></b>	<b>Unemployment Rate <sup>d</sup></b>
2014	*	76,898	\$	3,607,780,903	\$	46,916	16.1%
2013		76,903		3,554,695,059		46,223	16.0%
2012		77,250		3,517,965,000		45,540	18.5%
2011		77,283		3,428,196,597		44,359	19.6%
2010		77,335		3,283,412,095		42,457	18.6%
2009		78,790		3,328,247,180		42,242	17.8%
2008		79,519		3,210,564,464		42,260	11.8%
2007		79,263		3,249,465,948		40,996	9.6%
2006		79,201		3,133,270,761		39,561	10.7%
2005		79,611		2,970,604,854		37,314	10.1%

\* Estimate

\*\* The above demographics reflect the entire City of Camden population.

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A - Not Available at time of Audit

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<b><u>Function/Program</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Instruction										
Regular	27	41	41	39	43	42	38	43	48	55
Special education	4	6	4	5	7	7	7	10	12	13
Other special education										
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & instruction related services										
General administrative services	4	4	4	4	4	2	2	2	2	2
School administrative services	1	1	1	1	1	1				
Business administrative services							2	2	2	2
Plant operations and maintenance					1	1				
Pupil transportation		1	1	1						
Food Service	4	4	4	4	4					
Total	<u>40</u>	<u>57</u>	<u>55</u>	<u>54</u>	<u>60</u>	<u>53</u>	<u>49</u>	<u>57</u>	<u>64</u>	<u>72</u>

**Source:** District Personnel Records

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures <sup>a</sup></b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff <sup>b</sup></b>	<b>Pupil/ Teacher Ratio Middle</b>	<b>Average Daily Enrollment (ADE) <sup>c</sup></b>	<b>Average Daily Attendance (ADA) <sup>c</sup></b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
2014	444	\$ 7,814,526	\$ 17,600	-3.9%	60	9 : 1	445.08	429.3	11.63%	96.45%
2013	430	7,650,153	17,791	8.6%	60	9 : 1	434.3	420.1	9.67%	96.73%
2012	415	7,600,877	18,315	11.8%	53	9 : 1	433	416.5	9.34%	96.19%
2011	409	6,700,689	16,383	0.5%	50	9 : 1	398.7	371.0	0.58%	93.05%
2010	388	6,322,780	16,296	9.5%	49	8 : 1	396.0	368.6	-1.25%	93.08%
2009	390	5,820,332	14,878	1.9%	50	9 : 1	396.4	376.6	-1.15%	95.01%
2008	398	5,811,614	14,602	-2.3%	44	9 : 1	401.0	382.0	3.30%	95.26%
2007	389	5,811,614	14,940	-13.2%	45	9 : 1	388.2	368.7	8.38%	94.98%
2006	349	6,007,222	17,213	43.8%	47	7 : 1	358.2	332.1	10.59%	92.71%
2005	347	4,153,756	11,970	-13.8%	37	9 : 1	323.9	307.7	11.77%	95.00%

**Sources:** District records, ASSA and Schedules J-12, J-14

**Note:** Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Square Feet										
Capacity (students)										
Enrollment		64	83	90	89	82	97	116	116	122
Square Feet										
Capacity (students)										
Enrollment										
<b><u>Middle</u></b>										
Camden's Promise Charter School, Inc.										
Square Feet	68,305	68,305	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Capacity (students)	400	400	480	480	480	480	480	480	480	480
Enrollment		284	306	308	302	306	307	299	314	322
<b><u>High</u></b>										
N/A										
Square Feet										
Capacity (students)										
Enrollment										
<b><u>Other</u></b>										
N/A										
Administration Building										
Square Feet										
Transportation										
Square Feet										
Maintenance Offices										
Square Feet										

Number of Schools at June 30, 2013

Elementary =  
Middle School = 1  
High School =  
Other =

**Source:** District records, ASSA

**Note:** Increases in square footage and capacity are the result of additions.

Enrollment is based on the annual October district count.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
**(UNAUDITED)**

<b>Company</b>	<b>Type of Coverage</b>	<b>Coverage</b>	<b>Deductible</b>
	July 1, 2013 - July 1, 2014:		
NJSBAIG	Commercial Policy		
	Property - Blanket Building & Personal Property	\$ 30,053,400	\$ 1,000
	Comprehensive General Liability		
	Products and Completed Operations	6,000,000	5,000
	Personal Advertising Injury	6,000,000	5,000
	Bodily Injury & Property Damage	6,000,000	5,000
	Employee Benefits Liability	6,000,000	5,000
	Comprehensive Automobile Liability	6,000,000	1,000
	Boiler and Machinery	100,000,000	5,000
	Employee Dishonesty Coverage	100,000	1,000
	Inland Marine	253,000	1,000
	Legal Liability	5,000,000	5,000
	Workman's Compensation:		
	Bodily Injury from Accident	2,000,000	
	Bodily Injury from Disease/Aggregate Limit	2,000,000	
	Bodily Injury from Disease/ Each Employee	2,000,000	
Markel Ins. Co.	Workman's Compensation Supplemental Policy	Full Salary	
	Surety Bonds		
NJ School Boards	Treasurer's Bond	475,000	
	Business Administrator	50,000	
Ohio Casualty Ins. Co.	Asst. Business Administrator	10,000	
Berkley Ins. Co.	Compulsory Student Accident	1,000,000	
Markel Ins. Co.	Catastrophic Student Accident	2,000,000	
	Catastrophic Cash Benefit - Maximum Benefit	500,000	25,000

**Source: District Records**



**CAMDENS PROMISE CHARTER SCHOOL, INC**  
**CHARTER SCHOOL PERFORMANCE FRAMEWORK**  
**FINANCIAL PERFORMANCE - FISCAL RATIOS**

**JUNE 30, 2014**  
**(UNAUDITED)**

	2012	2013	2014		Source
Cash	\$ 1,342,480	\$ 2,118,692	\$ 1,706,744		Audit: Exhibit A-1
Current Assets	2,456,255	2,794,633	2,519,227		Audit: Exhibit A-1
Total Assets	8,718,870	9,604,578	9,350,136		Audit: Exhibit A-1
Current Liabilities	659,859	1,197,913	265,128		Audit: Exhibit A-1
Total Liabilities	659,859	1,197,913	265,128		Audit: Exhibit A-1
Net Position	\$ 8,059,011	\$ 8,406,665	\$ 9,085,008		Audit: Exhibit A-1
Total Revenue	9,422,637	9,275,829	9,681,002		Audit: Exhibit A-2
Total Expenses	8,578,864	8,738,942	9,002,659		Audit: Exhibit A-2
Change in Net Position	\$ 843,773	\$ 536,887	\$ 678,343		Audit: Exhibit A-2
Depreciation Expense	329,519	371,323	406,432		Financial Statements/ Audit Workpapers
Interest Expense	N/A	N/A	N/A		Financial Statements/ Audit Workpapers
Principal Payments	N/A	N/A	N/A		Financial Statements/ Audit Workpapers
Interest Payments	N/A	N/A	N/A		Financial Statements/ Audit Workpapers
Final Average Daily Enrollment	433	434	445		DOE Enrollment Reports
March 30th Budgeted Enrollment	415	430	444		Charter School Budget
	2012	2013	2014	3 Year Cumulative	Source
Near Term Indicators					
Current Ratio	3.72	2.33	9.50	3.66	Current Assets/ Current Liabilities
Unrestricted Days Cash	57.12	88.49	69.20	71.67	Cash/ (Total Expenses/365)
Enrollment Variance	104%	101%	100%	102%	Average Daily Enrollment / Budgeted Enrollment
Default	N/A	N/A	N/A	N/A	Audit
Sustainability Indicators					
Total Margin	9%	6%	7%	0.07	Change in Net Position/ Total Revenue
Debt to Asset	0.08	0.12	0.03	0.08	Total Liabilities/ Total Assets
Cash Flow	728,590	776,212	(411,948)	1,092,854	Net change in cash flow from prior years
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	(Change in Net Position+Interest Expense) (Principal & Interest Payments)

## **SINGLE AUDIT SECTION**

**NIGHTLINGER, COLAVITA & VOLPA***A Professional Association**Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

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Fax (856) 728-2245

November 13, 2014

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

The Members of the Board of Trustees  
Camden's Promise Charter School, Inc.  
County of Camden  
Camden, New Jersey 08105

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Trustees of the Camden's Promise Charter School, Inc. School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the Board of Trustees of the Camden's Promise Charter School, Inc. basic financial statements and have issued our report thereon dated November 13, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the Board of Trustees of the Camden's Promise Charter School, Inc. School District, in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Camden's Promise Charter School, Inc. Board of Trustees' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Camden's Promise Charter School, Inc. Board of Trustees' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Camden's Promise Charter School, Inc. Board of Trustees' internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weaknesses, as defined above. We did, however, note two instances of deficiency in internal control over financial reporting that we considered to be significant weaknesses, as defined above that have been reported to the Board of Education of the Camden's Promise Charter School, Inc. in the separate *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 13, 2014, Labeled Finding 2014-1 and 2.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Camden's Promise Charter School, Inc. Board of Trustees' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, labeled Finding 2014-1 and 2 that we have reported to the Board of Education of the Camden's Promise Charter School, Inc. in the separate *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 13, 2014.

### **Purpose of this Report**

This report is intended solely for the information and use of the audit committee, management, the Camden's Promise Charter School, Inc. Board of Trustees, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA, RMA  
Licensed Public School Accountant  
No. 915

# NIGHTLINGER, COLAVITA & VOLPA

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*Certified Public Accountants*

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November 13, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
SCHEDULE OF AWARDS REQUIRED BY OMB CIRCULAR A-133  
AND NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

The Members of the Board of Trustees  
Camden's Promise Charter School, Inc.  
County of Camden  
Camden, New Jersey 08105

**Report on Compliance for Each Major Program**

We have audited the Board of Trustees of the Camden's Promise Charter School, Inc. School District, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Camden's Promise Charter School, Inc. major federal and state programs for the fiscal year ended June 30, 2014. The Camden's Promise Charter School, Inc. Board of Trustees' major federal and state programs is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on Camden's Promise Charter School, Inc. Board of Trustees' compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Camden's Promise Charter School, Inc. Board of Trustees' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Camden's Promise Charter School, Inc. Board of Trustees' compliance with those requirements.

### **Opinion on Each Major Program**

In our opinion, the Board of Trustees of the Camden's Promise Charter School, Inc. School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Camden's Promise Charter School, Inc. Board of Trustees is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Camden's Promise Charter School, Inc. Board of Trustees internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Camden's Promise Charter School, Inc. Board of Trustees' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We did note two instances of deficiency in internal control over compliance that we consider to be significant and have reported them to the Camden Promise Charter High School, Inc. Board of Trustees' in the separate *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 13, 2014, labeled Finding 2014-1 and 2.

This report is intended solely for the information and use of the audit committee, management, the Camden's Promise Charter School, Inc. Board of Trustees, the New Jersey State Department of Education, other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA, RMA  
Licensed Public School Accountant  
No. 915

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/ Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2013				Adjustments/ Repayment of Prior Years' Balances	Budgetary Expend- itures	Balance at June 30, 2014		
						(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received			(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
National School Breakfast Program	10.553	N/A	\$ 43,496	7/1/12 to 6/30/13	\$ (2,201)	\$	\$	\$ 2,201	\$	\$	\$	\$	\$	\$
National School Breakfast Program	10.553	N/A	39,532	7/1/13 to 6/30/14				33,757		(39,532)	(5,775)			
National School Lunch Program	10.555	N/A	171,013	7/1/12 to 6/30/13	(8,180)			8,180						
National School Lunch Program	10.555	N/A	183,375	7/1/13 to 6/30/14				151,906		(183,375)	(31,469)			
National School Snack Program	10.555	N/A	12,691	7/1/13 to 6/30/14				11,175		(12,691)	(1,516)			
Food Distribution Program	10.565	N/A	32,880	7/1/12 to 6/30/13		2,368				(2,368)				
Food Distribution Program	10.565	N/A	41,785	7/1/13 to 6/30/14				41,785		(38,708)		3,077		
Total Enterprise Fund:					(10,381)	2,368		249,004		(276,674)	(38,760)	3,077		
U.S. Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I, Part A	84.010A	NCLB 6215-14	379,069	7/1/13 to 6/30/14				210,346	13	(355,304)	(144,945)			
Title I, Part A Carryover	84.010A	NCLB 6215-13	383,387	9/1/12 to 8/31/13						(16,787)	(16,787)			
Title I, Part A	84.010A	NCLB 6215-13	383,387	9/1/12 to 8/31/13	(105,040)			105,040						
Title II - A	84.367A	NCLB 6215-14	35,086	7/1/13 to 6/30/14				25,461		(34,864)	(9,403)			
Title II - A Carryover	84.367A	NCLB 6215-13	35,541	9/1/12 to 8/31/13				19,511		(23,001)	(3,490)			
Title II - A	84.367A	NCLB 6215-13	35,541	9/1/12 to 8/31/13	(4,540)			4,305	235					
Title III	84.365A	NCLB 6215-14	14,040	7/1/13 to 6/30/14				10,792		(13,887)	(3,095)			
Title III	84.365A	NCLB 6215-13	13,424	9/1/12 to 8/31/13	(11,551)			11,551						
IDEA Part B-Basic	84.027	IDEA 6215-14	103,601	9/1/13 to 8/31/14				66,209		(97,282)	(31,073)			
IDEA Part B-Basic	84.027	IDEA 6215-13	116,718	9/1/12 to 8/31/13	(26,808)			26,808						
21st Century Community Learning Centers	84.287C	NCLB 6215-09	535,000	9/1/08 to 8/31/09			567			(567)				
21st Century Community Learning Centers	84.287C	NCLB 6215-10	22,834	9/1/09 to 8/31/10			7,440			(7,440)				
					(147,939)		8,007	480,023	(7,759)	(541,125)	(208,793)			
Total Federal Financial Assistance					\$ (158,320)	\$ 2,368	\$ 8,007	\$ 729,027	\$ (7,759)	\$ (817,799)	\$ (247,553)	\$ 3,077	\$	

The accompanying Notes to the Financial statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2013				Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2014		
				Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor
State Department of Education											
General Fund											
Equalization Aid	14-495-034-5120-078	\$ 5,579,804	7/1/13 to 6/30/14	\$	\$	\$ 5,573,061	\$ (5,579,804)	\$ (28,930)	\$ (35,673)	\$	\$
Equalization Aid	13-495-034-5120-078	5,662,562	7/1/12 to 6/30/13		23,882	31,862		(55,744)			
Special Education Categorical Aid	14-495-034-5120-089	177,097	7/1/13 to 6/30/14			174,013	(177,097)		(3,084)		
Special Education Categorical Aid	13-495-034-5120-089	178,245	7/1/12 to 6/30/13		\$25,737			(25,737)			
Special Education Categorical Aid	12-495-034-5120-089	186,226	7/1/11 to 6/30/12		8,231			(8,231)			
Security Aid	14-495-034-5120-084	183,111	7/1/13 to 6/30/14			180,749	(183,111)		(2,362)		
Security Aid	13-495-034-5120-084	188,292	7/1/12 to 6/30/13		\$635			(635)			
Security Aid	12-495-034-5120-084	193,213	7/1/11 to 6/30/12		8,114	856		(8,970)			
Non-Public Aid	14-495-034-5120-070	94,490	7/1/13 to 6/30/14			94,490	(94,490)				
Reimbursed TPAF Social Security Contributi	14-495-034-5095-002	232,868	7/1/13 to 6/30/14			229,504	(232,868)		(3,364)		
Reimbursed TPAF Social Security Contributi	13-495-034-5095-002	219,290	7/1/12 to 6/30/13	(\$24,948)		24,948					
On-Behalf TPAF Pension Contribution	14-495-034-5095-007	115,801	7/1/13 to 6/30/14			115,801	(115,801)				
On-Behalf TPAF Post Retirement Contrib	14-495-034-5095-001	189,870	7/1/13 to 6/30/14			189,870	(189,870)				
Total General Fund				\$ (24,948)	\$ 66,599	\$ 6,615,154	\$ (6,573,041)	\$ (128,247)	\$ (44,483)	\$	\$
State Department of Agriculture											
Enterprise Fund - State Share:											
National School Lunch Program	13-100-010-3350-023	3,416	7/1/12 to 6/30/13	(121)		121					
National School Lunch Program	14-100-010-3350-023	3,542	7/1/13 to 6/30/14			2,938	(3,542)		(604)		
				(121)		3,059	(3,542)		(604)		
Total State Financial Assistance				\$ (25,069)	\$ 66,599	\$ 6,618,213	\$ (6,576,583)	\$ (128,247)	\$ (45,087)	\$	\$

The accompanying Notes to the Financial statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.



**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2014**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Trustees, Camden's Promise Charter School, Inc. The board of trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits for States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2014**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is zero for the special revenue fund. See Note 2 for a reconciliation of the budgetary basis to the Modified Accrual basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 6,573,041	6,573,041
Special Revenue Fund	541,125		541,125
Food Service Fund	<u>276,674</u>	<u>3,542</u>	<u>280,216</u>
Total Awards & Financial Assistance	\$ <u>817,799</u>	\$ <u>6,576,583</u>	\$ <u>7,394,382</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING**

Camden's Promise Charter School had no outstanding loans at June 30, 2014.

**NOTE 6: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2014. TPAF Social Security Contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

**NOTE 7: SCHOOL-WIDE PROGRAM FUNDS**

The District's Federal Programs are maintained on a school-wide basis.

**NOTE 8: MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

**NOTE 9: ADJUSTMENTS**

Schedule A reflects an immaterial prior year revenue adjustment of \$7,759.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? \_\_\_\_\_ yes X no  
2) Significant deficiencies identified? X yes \_\_\_\_\_ none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes X no

**Federal Awards**

Internal control over major programs:

1) Material weakness (es) identified? \_\_\_\_\_ yes X no  
2) Significant deficiencies identified X yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? X yes \_\_\_\_\_ no

**CFDA Number(s)**

**Name of Federal Program or Cluster**

84.010A

NCLB – Title I, Part A

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes \_\_\_\_\_ no



**CAMDEN'S PROMISE CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(continued)**

**Section II - Financial Statement Findings**

None

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (continued)**

**Section III - Federal Awards and State Financial Assistance  
Findings and Questioned Costs**

**FEDERAL AWARDS**

**Finding:** 2014-2

**Information on the federal program:** NCLB - Title I (84.010A)

**Criteria or specific requirement:** Proper internal control dictates that detail in the various records should be sufficiently analyzed and adjusted, in order to provide information for accurate financial statements.

**Condition:** The NCLB-Title I was not sufficiently analyzed with regard to adjusting accounts receivable and unearned revenue.

**Questioned Costs:** None.

**Context:** Accounts receivable were not properly reflected in the School's financial statements at June 30, 2014.

**Effect:** Adjustments were required to be made in the business office and reflected in the audit.

**Cause:** Inadvertent oversight.

**Recommendation:** As part of the year end close out procedures, an additional review of the Title I Federal award receivable and unearned revenue should be conducted, in order to provide complete and accurate balances for the District's financial statements.

**Management's response:** Management is aware of the necessary procedures to be updated and followed.

**STATE AWARDS**

**Finding:** 2014-1

**Information on the state program:** Equalization Aid (GMIS No. 495-034-5120-078), Security Aid (GMIS No. 495-034-5120-084), Special Education Aid (GMIS No. 495-034-5120-089)

**Criteria or specific requirement:** Health insurance coverage payments should be only be made for appropriate and eligible employees.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(continued)**

**Section III - Federal Awards and State Financial Assistance  
Findings and Questioned Costs**

**STATE AWARDS (Continued)**

**Condition:** One employee that was terminated in November 2013 was not removed from the health insurance bill until June 2014.

**Questioned Costs:** None.

**Context:** The School overpaid for health insurance coverage during the specified period.

**Effect:** The School overpaid for health insurance coverage during the specified period.

**Cause:** Inadvertent oversight.

**Recommendation:** Procedures to review the monthly health insurance bills should be reviewed and revised, in order to ensure that terminated employees are removed from coverage in a timely manner in the future.

**Management's response:** Management is aware of the necessary procedures to be updated and followed.

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR - YEAR FINDINGS**

**Information on the federal program:** NCLB - Title I (84.010A)

**Finding:** 2013-2

**Condition:** Revenue and expenditures for the Title I program were not properly recorded in the Expenditure Ledger or General Ledger and adjustments were required as part of the Audit.

**Current Status:** This condition has been resolved